

SCHOOL DISTRICT
OF
HOWELL TOWNSHIP



HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

HOWELL TOWNSHIP SCHOOL DISTRICT

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INTRODUCTORY SECTION



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ADMINISTRATION BUILDING
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HOWELL, N.J. 07731

HOWELL TOWNSHIP PUBLIC SCHOOLS

PROUD OF OUR SCHOOLS CONCERNED FOR OUR CHILDREN

RONALD SANASAC
Business Administrator/
Board Secretary

(732) 751-2480 ext. 3801
FAX (732) 938-3964
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October 11, 2012

Honorable President and
Members of the Board of Education
Howell Township School District
Howell, New Jersey 07731

Dear Members of the Board of Education:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the Howell Township School District for the fiscal year ended June 30, 2012. This CAFR includes the District's Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- ♦ The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ♦ The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information;
- ♦ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- ♦ The Single Audit Section -- The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1986, as amended, the U. S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Howell Township School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Howell Township Board of Education and all its schools constitute the District's reporting entity.

The District continues to maintain a high quality of education, even though it is one of the largest K-8 districts in Monmouth County. The District provides a full range of programs and services appropriate to grades K through 8. These include regular education, programs for the very able students (gifted and talented), as well as special education for youngsters with disabilities in and out of district. Ten elementary schools and three middle schools comprise the district's facilities. Although Southard School remains an asset of the Howell Township Board of Education, the district consolidated the student population in the other nine elementary schools, and is not utilizing Southard School for classroom purposes this school year. The Board, in conjunction with Howell Township Municipal government and Howell Township Police Athletic League, is creating a community center with various opportunities for residents.

Supervising district-wide goals is a district superintendent, an assistant superintendent for curriculum and personnel, an assistant superintendent of pupil services, a business administrator/board secretary, four district-wide curriculum supervisors, three supervisors of special education, and a director of technology. Each K-5 elementary school has its own principal. K-5 schools with enrollment greater than 500 students are assigned a full time vice-principal with district wide responsibilities. K-5 elementary schools that have less than 500 students have their own lead teacher working directly with the principal. Each of two Howell Township Middle Schools has one principal and two vice principals with district wide responsibilities. The third Howell Township Middle School has one principal and one vice principal who also has district wide responsibilities.

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the first and third Wednesday of each month for the regular Board Meeting and other times each month for committee meetings. During its meetings the board determines district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:30 P.M.

PTAs/PTOs/SEPAC (Special Education Parents Advisory Council) are highly active in the District and provide community support for a variety of programs and activities for the children.

To maintain effective communications, the district produces school and district newsletters. Howell Highlights, the district newsletter, is emailed to all parents in the community, in order to keep them well informed of school and district events. The district also utilizes its web site to publish the board agenda in an effort to keep all interested citizens apprised of district operations and activities. Parents with email addresses can sign up for Newsbytes and School Alerts. Further, parents can stay informed by signing up for the district's twitter account.

Each of the schools in the district follows the district-wide goals and educational curriculum in the education of children, while maintaining a unique personality that makes up that particular school. All curricula in the district have been aligned to the Common Core National Standards with the exception of Mathematics 6-8.

The mission of the Howell Township School District is to educate students at all grade levels to achieve the Standards and challenge them to become skillful communicators, independent thinkers, and life-long learners. In reaching their full potential, our children will develop individual, social, and civic responsibility as well as respect for themselves and their environment. To this end the district has developed a comprehensive curriculum for each grade and each subject area that is rich in content while focusing on the individual needs of the students.

Elementary Schools: Grades K through 5

Currently, there are nine grade K-5 elementary schools (Adelphia School, Aldrich School, Ardena School, Greenville School, Griebing School, Land O'Pines School, Newbury School, Ramtown School, and Taunton School) providing a comprehensive educational program.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)

The district's balanced literacy programs focuses on the development of phonics, phonemic awareness, vocabulary, comprehension, and fluency. Writing is taught through a Writer's Workshop approach and is integrated throughout all disciplines.

Mathematics skills and concepts are presented using a variety of hands-on materials and activities. Stress is placed on providing real-life meaningful experiences so that students develop conceptual understanding and an appreciation for mathematics.

Inquiry and discovery are the foundations of the science program. The students develop a better understanding of the world around them by developing experiments and applying the scientific method.

The units of instruction for the social studies program are theme-based and promote literacy in the areas of geography, history, economics, and civics.

Students begin learning Spanish in kindergarten and continue through the fifth grade. The students learn the language through conversational techniques, as well as develop an appreciation for the cultures that speak Spanish. At the middle school level, all students participate in World Language instruction. Upon entering the middle school, students may elect to either continue their studies in Spanish, or begin studies in French.

Throughout all K-5 schools enrichment cluster grouping is provided to students identified as gifted and talented. In addition, at the elementary level, a self contained 4th and 5th grade program is provided to those students who also demonstrate giftedness.

Howell Township Middle Schools

Grades 6 through 8

Grades six through eight are housed at each of the district's three middle schools. Each school is divided into "houses." Each "house" is designed as a "school within a school." The "houses" are further divided into teams. Each team has an assigned group of teachers and students. The team approach allows the faculty to develop positive relationships with a relatively small group of students. The district has found this team approach to be very successful at minimizing discipline problems and allowing the teachers to get a sense of each student's individual needs.

At the middle school the Gifted and Talented program is expanded to provide math acceleration in grades 6th, 7th and 8th, with a rigorous enrichment course of study in science, social studies and language arts.

Special Education:

Special Education is an integral part of the educational system in the Howell Township Schools. Our school district educates approximately 1,020 students classified eligible for special education and related services. Our district provides a full continuum of services for students with disabilities. Classes include preschool disabled, integrated preschool, regular classes with specialized support, in-class resource, resource center pull out services and other special class programs. All students are included with their general education peers to the maximum extent possible, and many students are fully included in regular classes with assistance from paraprofessionals or Special Education teachers. Our middle school program prepares our students with disabilities for their transition to high school.

1. REPORTING ENTITY AND ITS SERVICES: (Continued)

Core Curriculum Contents Standards

All district curricula is aligned with the recently adopted Common Core State Standards for Mathematics and Language Arts Literacy, and the New Jersey Core Content Curriculum Standards for Visual and Performing Arts; Comprehensive Health and Physical Education; Science; Social Studies; World Languages; Technology; and 21st-Century Life and Careers.

Staff Development

The Howell Township Public Schools System provides its teaching and support staff with many opportunities for professional development.

All professional development in Howell Township addresses the Eight Key Elements of High Quality Professional Development. The professional learning opportunities are aligned with and support the New Jersey Professional Development Standards for Teachers.

In the beginning of the school year all newly hired teachers receive intensive in-service, encompassing training in instructional strategies, classroom management, curriculum, Common Core State Standards, mentoring, technology, district policy and mandated trainings, such as Affirmative Action and Harassment, Intimidation and Bullying. Mentors are assigned to novice teachers to provide support throughout the school year.

Professional development days are built into the school calendar to enable teachers to attend sessions related to instructional strategies, curricular updates, content standards, data driven decision making, and district-wide grade level and department articulation meetings.

Technology

District-Wide technology is used to enrich teaching and learning, facilitate communication among all members of the educational community, and to increase productivity. All classrooms, computer labs, media centers, and offices in each of the twelve schools and administrative buildings are linked together via local and wide area voice and data networks. All administrators, teachers, and support staff members have computing capability with high speed Internet access and are provided email and voice mail accounts. To assist teachers and students in presenting information and collaborating in Internet and other computer based projects together, all classrooms in the district are equipped with ceiling mounted LCD projectors and/or projection devices capable of presenting images via a computer, the Internet, cable TV, or local video sources such as VCR's and DVD players.

In addition, all schools are equipped with mobile student laptops that connect wirelessly to the network. All building administrators have access to laptop computers, allowing for complete mobility in utilizing technology for office productivity as well as teacher evaluation activities.

Pupil Enrollment

The following details the changes in the student enrollment of the district over the last ten years. The table presents the actual historical pupil enrollment, as of October 15, for the school years 2001-02 through 2011-12.

1. **REPORTING ENTITY AND ITS SERVICES: (Continued)**

<u>School Year</u>	<u>Enrollment As of October 15</u>
2001-02	7,379
2002-03	7,424
2003-04	7,416
2004-05	7,333.5
2005-06	7259
2006-07	7289
2007-08	7090
2008-09	6920
2009-10	6783
2010-11	6773
2011-12	6541

2. **ECONOMIC CONDITION AND OUTLOOK:**

The rate of new home construction continues to stagnate and is reflected in a continued enrollment decline. Current housing continues to turn over but the movement of young families with children has slowed.

3. **MAJOR INITIATIVES:**

Construction

No new major construction initiatives have been undertaken. The district continues to address ongoing requirement maintenance projects as needed.

Pupil Services:

- ❖ New assistive and instructional technology devices for students with disabilities
- ❖ Teacher coach who is a Board certified Behavior Analyst
- ❖ Ongoing training in all areas relative to working with students with special needs
- ❖ Inclusion Initiative for grades K-6
- ❖ Preschool Disabled and Integrated Preschool Programs
- ❖ Life Skills classrooms and instruction
- ❖ Crisis Management certification for staff
- ❖ Crisis Response Network
- ❖ Tools of the Mind Preschool curriculum
- ❖ Community-based instruction as appropriate
- ❖ Parent outreach services

Business:

The Business Office continued to be busy in the 2011-2012 school year. Accomplishment/initiatives in this school year were as follows:

- ❖ The business office continued to streamline the entire purchase order cycle with the implementation of new procedures.
- ❖ The Business Administrator continues as the certified purchasing agent, with a bid threshold limit of \$36,000.
- ❖ Streamlining of business functions through increased applications of technology.
- ❖ Continued compliance with State and Federal mandates while minimizing impact on other business workflow.

Personnel:

The district employed 955 persons during the 2011-2012 school year. The certificated staff numbered 640 including 30 administrators and supervisors and 610 classroom teachers and educational support personnel (nurses, guidance counselors, child study team members, etc.). 315 other employees, including instructional assistants, school aides, bus drivers and attendants, secretaries and clerk-typists, and custodial and maintenance employees were also part of the staff.

One of the greatest challenges in a school district is to retain high standards for its staff, especially, during a period when acute teacher shortages in some areas persisted. The district was able to accomplish this through a highly competitive recruitment and selection process. Additionally, an impressive array of in-service opportunities allowed staff members to stay current and to improve their instructional skills; a hallmark of a progressive and innovative school district.

The district, for example, continued its new teacher mentoring program. All newly certified teachers and most teachers new to the district were assigned mentors as well as supervisory advocates to assist them in their first year. District administrators further provided these teachers with an extensive in-service program designed to help them acclimate to their new working environment.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the district is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the district are protected from loss, theft or misuse; and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally-accepted accounting principles (GAAP). The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state awards, the district also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system is also subject to periodic evaluation by the district management.

As part of the District's single audit, described earlier, tests are made to determine adequacy of the internal control system, including that portion related to federal and state financial assistance programs, as well as to determine that the district has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.

6. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

7. RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds and worker's compensation.

8. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert A. Hulsart & Company, CPA's, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet requirements of the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

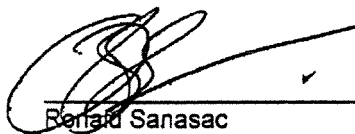
9. **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Howell Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our business office staff.

Respectfully submitted,



Dr. Enid Golden
Superintendent of Schools



Ronald Sanasac
Business Administrator/
Board Secretary

**HOWELL TOWNSHIP BOARD OF EDUCATION
HOWELL TOWNSHIP, NEW JERSEY**

ROSTER OF OFFICIALS
JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Timothy P. O'Brien, President	2012
Suzanne M. Brennan, Vice President	2013
Mary Cerretani	2013
Patrick Dowling	2012
Stephen M. Levine	2014
Albert Miller	2014
Joseph Moscato, Jr.	2012
Jeanette Smith	2013
John Van Noy	2014

Other Officials

Dr. Enid Golden, Superintendent

Mr. Ronald Sanasac, Business Administrator/Board Secretary

Mrs. Patricia Callander, Assistant Superintendent

Mr. Joseph Isola, Assistant Superintendent

HOWELL TOWNSHIP BOARD OF EDUCATION
Consultants and Advisors

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
Wall, New Jersey 07719

Attorney

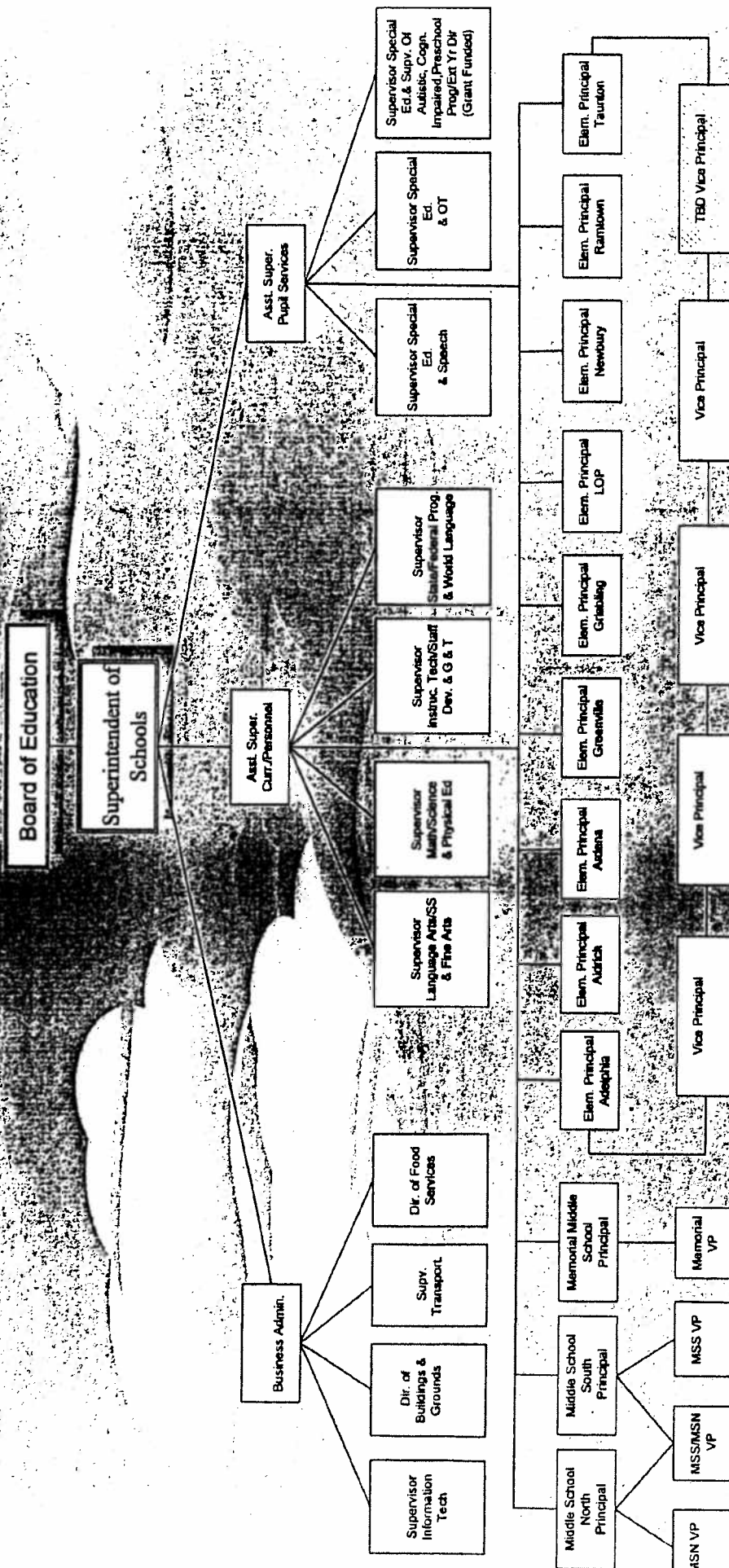
Bathgate, Wegener, & Wolf
One Airport Road
Lakewood, New Jersey 08701

Official Depository

TD Bank
Howell, New Jersey 07731

Organizational Chart

Application 2017-2018



FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
 of the Board of Education
 Howell Township School District
 County of Monmouth
 Howell Township, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Howell Township Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Howell Township Board of Education, in the County of Monmouth, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2012, on our consideration of the Howell Township Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 14 through 19 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Howell Township Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 11, 2012

REQUIRED SUPPLEMENTARY INFORMATION
PART I

HOWELL TOWNSHIP PUBLIC SCHOOL DISTRICT
HOWELL TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

UNAUDITED

The discussion and analysis of Howell Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal that is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

The MD&A is a element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – "Basic Financial Statement and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ General revenues accounted for \$114,988,014 in revenue or 98% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,374,508 or 2% percent to total revenues of \$117,362,522.
- ◆ Total assets of governmental activities increased by \$4,837,079 as cash and cash equivalents increased by \$5,421,298 receivables decreased by \$584,219 and capital assets decreased by \$2,803,545.
- ◆ The School District had \$112,106,236 in expenses; only \$2,374,508 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$117,362,522 were adequate to provide for these programs.
- ◆ The General Fund had \$107,043,983 in revenues and 101,805,502 in expenditures.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Howell Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Howell Township Public School District, the General Fund is by far the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) among governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for the fiscal year 2012.

Table 1
Net Assets

	2012
Assets	
Current and other assets	\$ 2,584,264
Capital assets, net	\$ 96,824,600
Total assets	<u>\$ 99,408,864</u>
Liabilities	
Long-term liabilities	\$ 45,222,466
Other liabilities	\$ 4,911,559
Total liabilities	<u>\$ 50,134,025</u>
Net assets	
Invested in capital assets, net of debt	\$ 41,872,694
Restricted	\$ 11,999,745
Unrestricted	\$ (4,597,600)
Total net assets	<u>\$ 49,274,839</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 61% of revenues for governmental activities for the Howell Township Public School District for fiscal year 2012. Federal, state and local grants accounted for another 38%.

Business-Type Activities

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenditures by \$5,868.
- ◆ Charges for services represent \$1,422,061 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$561,873.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teachers and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development include expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School District's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allow the School Board to demonstrate its stewardship over and accountability for resources received from the Township of Howell's taxpayers and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ending June 30, 2012, it reported a combined net asset balance of \$49,274,839. The reconciliation of the Statement of Revenue Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities present the reader with a detailed explanation to the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

The excesses will be carried forward into the beginning fund balance for the 2012-2013 fiscal year and will be used to fund the 2012-2013 fiscal budget.

Capital Assets

At the June 30, 2012, the School District had approximately \$88,219,177 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table 2 below shows the net book value of capital assets at the end of the 2012 fiscal year.

Table 2
Capital Assets (Net of Depreciation) at June 30

	2012
Land	\$ 5,348,018
Construction in progress	\$ 0
Building and improvements	\$ 80,308,894
Machinery and equipment	\$ 2,562,265
Totals	<u>\$ 88,219,177</u>

Debt Administration

At June 30, 2012, the School district had \$49,305,916 as outstanding debt. Of this amount, \$2,886,370 is for compensated absences, \$2,078,043 for capital leases, \$6,066 of installment obligations and the balance 44,335,437 for bonds for school construction.

Economic Factors and Next Year's Budget

The Howell Township Public School District is in very good financial condition presently. Future finances are not without challenges as the community population continues to fluctuate and state funding is decreased.

The Township of Howell is primarily a residential community, with very few ratables, and is presently experiencing a slowing of what little ratable growth had been experienced. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which are voted by the residents annually.

The (\$4,579,600) in unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. This means that if the School Board had to pay off all bills today, including all of the School Board's non concurrent liabilities such as compensated absences, the School Board would have a deficit of 4,579,600. The district also has \$1.00 in capital reserve monies as well as the fair market value of the capital assets.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid and Tax Levy caps. Since expenses continue to increase due to inflationary and legislative pressures and revenues are fixed, the district must reduce expenses to compensate.

The School Board cannot accurately forecast future enrollment, but presently is experiencing a continued reversal of the past growth trend.

In conclusion, the Howell Township Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or require additional information contact Ronald Sanasac, Business Administrator/Board Secretary at Howell Township Board of Education, P.O. Box 579, Howell, New Jersey 07731.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

STATEMENT OF NET ASSETS

Exhibit A-1

JUNE 30, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	37,100	37,100
Receivables, Net	2,460,077	33,307	2,493,384
Inventory		53,780	53,780
Restricted Assets:			
Cash and Cash Equivalents	8,538,426		8,538,426
Capital Reserve Account-Cash	1		1
Capital Assets-Non-Depreciable	5,348,018		5,348,018
Capital Assets, Net	82,871,159	66,997	82,938,156
Total Assets	<u>99,217,681</u>	<u>191,184</u>	<u>99,408,865</u>
<u>Liabilities</u>			
Accounts Payable & Accrued Interest	817,721		817,721
Deferred Revenue	56,027		56,027
Noncurrent Liabilities:			
Due Within One Year	4,077,384		4,077,384
Due Beyond One Year	45,222,466		45,222,466
Total Liabilities	<u>50,173,598</u>	<u>-</u>	<u>50,173,598</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	41,805,697	66,997	41,872,694
Restricted For:			
Debt Service	17,807		17,807
Capital Projects	41,537		41,537
Other Purposes	11,900,829		11,900,829
Unrestricted	<u>(4,721,787)</u>	<u>124,187</u>	<u>(4,597,600)</u>
Total Net Assets	<u>\$ 49,044,083</u>	<u>191,184</u>	<u>49,235,267</u>

The accompanying notes to financial statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICTExhibit A-2
Sheet 1 of 2**STATEMENT OF ACTIVITIES****FOR THE YEAR ENDED JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 27,692,356			(27,692,356)		(27,692,356)
Special Education	13,254,196	240,171	1,877,453	(11,136,572)		(11,136,572)
Other Special Instruction	2,240,016			(2,240,016)		(2,240,016)
Other Instruction	404,801			(404,801)		(404,801)
Support Services:						
Tuition	774,964	774,964		-		-
Student & Instruction Related Services	10,131,392		913,734	(9,217,658)		(9,217,658)
School Administrative Services	1,360,778			(1,360,778)		(1,360,778)
General and Business Administrative Services	3,933,627			(3,933,627)		(3,933,627)
Plant Operations and Maintenance	9,031,221			(9,031,221)		(9,031,221)
Pupil Transportation	7,933,520			(7,933,520)		(7,933,520)
Unallocated Benefits	24,548,579			(24,548,579)		(24,548,579)
Business & Other Support Services	1,928,778			(1,928,778)		(1,928,778)
Interest on Long-Term Debt	1,885,334			(1,885,334)		(1,885,334)
Unallocated Depreciation	3,245,670			(3,245,670)		(3,245,670)
Education Jobs	1,185,607		1,185,607	-		-
Total Government Activities	109,550,839	1,015,135	3,976,794	(104,558,910)	-	(104,558,910)
Business-Type Activities:						
Food Service	2,021,093	1,465,088	561,873		5,868	5,868
Total Primary Government	111,571,932	2,480,223	4,538,667	(104,558,910)	5,868	(104,553,042)

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit A-2
Sheet 2 of 2

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for	Operating	Governmental Activities	Business-Type Activities	Total
		Services	Grants and Contributions			
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purpose, Net				\$ 64,464,148		64,464,148
Taxes Levied for Debt Service				6,830,168		6,830,168
Federal and State Aid Not Restricted				41,077,646		41,077,646
Investment Earnings				2,744		2,744
Miscellaneous Income				412,566		412,566
Other				79,580		79,580
Adjustment for Debt Refunding				3,475,000		3,475,000
Total General Revenues, Special Items, Extraordinary Items and Transfers				116,341,852	-	116,341,852
Change in Net Assets				11,782,942	5,868	11,788,810
Net Assets - Beginning				37,261,141	185,316	37,446,457
Net Assets - Ending				\$ 49,044,083	191,184	49,235,267

The accompanying Notes to Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET**GOVERNMENTAL FUNDS****JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash - Restricted	\$ 8,520,620			17,807	8,538,427
Receivables from Other Governments	519,753	1,068,467	813,713		2,401,933
Accounts Receivable	58,144				58,144
Interfund Receivable	1,696,344				1,696,344
Total Assets	<u>\$10,794,861</u>	<u>1,068,467</u>	<u>813,713</u>	<u>17,807</u>	<u>12,694,848</u>
<u>Liabilities and Fund Balance</u>					
Liabilities:					
Accounts Payable	\$ -	48,699	39,573		88,272
Interfund Payable		963,741	732,603		1,696,344
Deferred Revenue		56,027			56,027
Total Liabilities	<u>-</u>	<u>1,068,467</u>	<u>772,176</u>	<u>-</u>	<u>1,840,643</u>
Fund Balance:					
Restricted for:					
Excess Surplus - Current Year	2,549,317				2,549,317
Committed To:					
Designated for Subsequent Years Expenditures -					
Excess Surplus	2,731,145				2,731,145
Capital Reserve Account	1				1
Assigned To:					
Other Purposes	5,847,746				5,847,746
Designated for Subsequent Years Expenditures By The BOE	772,620				772,620
Unassigned:					
General Fund	(1,105,968)				(1,105,968)
Capital Projects			41,537		41,537
Debt Service Fund				17,807	17,807
Total Fund Balances	<u>10,794,861</u>	<u>-</u>	<u>41,537</u>	<u>17,807</u>	<u>10,854,205</u>
Total Liabilities and Fund Balance	<u>\$10,794,861</u>	<u>1,068,467</u>	<u>813,713</u>	<u>17,807</u>	

Amounts reported for governmental activities in the Statement of Net Assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$149,596,909 and the accumulated depreciation is \$61,377,732

88,219,177

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(49,299,850)

Accrued Interest

(729,449)

Net assets of governmental activities

\$ 49,044,083

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

Revenues	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Local Sources:					
Local Tax Levy	\$ 64,464,148			6,830,168	71,294,316
Tuition Charges	1,015,135				1,015,135
Interest on Investments	2,744				2,744
Miscellaneous	394,762	1,500	-	17,804	414,066
Total Local Sources	65,876,789	1,500	-	6,847,972	72,726,261
State Sources	39,908,928	176,899		1,096,059	41,181,886
Federal Sources	1,258,266	2,612,788			3,871,054
Total Revenues	107,043,983	2,791,187	-	7,944,031	117,779,201
Expenditures					
Current:					
Regular Instruction	27,466,657				27,466,657
Special Education Instruction	11,376,743	1,877,453			13,254,196
Other Special Instruction	2,240,016				2,240,016
Other Instruction	404,801				404,801
Support Services and Undistributed Costs:					
Tuition	774,964				774,964
Student and Instruction Related Services	9,217,658	913,734			10,131,392
School Administrative Services	1,360,778				1,360,778
Other Administrative Services	3,933,627				3,933,627
Plant Operations and Maintenance	8,201,768				8,201,768
Pupil Transportation	7,933,520				7,933,520
Business and Other Support Services	1,928,778				1,928,778
Unallocated Benefits	24,548,579				24,548,579
Debt Service:					
Principal				5,668,547	5,668,547
Interest and Other Charges				2,257,679	2,257,679
Capital Outlay	1,232,006				1,232,006
Education Jobs	1,185,607				1,185,607
Total Expenditures	101,805,502	2,791,187	-	7,926,226	112,522,915

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	5,238,481	-	-	17,805	5,256,286
Other Financing Sources (Uses):					
Bring Fund Balance into Agreement With Assets	80,380				80,380
Accounts Receivable Cancelled	(800)				(800)
Total Other Financing Sources (Uses)	79,580				79,580
Net Change in Fund Balances	5,318,061	-	-	17,805	5,335,866
Fund Balance - July 1	5,476,800		41,537	1	5,518,338
Fund Balance - June 30	\$ 10,794,861	-	41,537	17,806	10,854,204

The accompanying Notes to Financial Statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Exhibit B-3

TO THE STATEMENT OF ACTIVITIESFOR THE YEAR ENDED JUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 5,335,866

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital Outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense

(3,245,670)

Capital Outlays

402,552

(2,843,118)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

5,668,547

Reduction of Debt Service Refunding

3,475,000

In the statement of activities certain operating expenses, compensated absences are measured by the amount earned during the year. In the government funds however, expenditures for these items are reported in the amount of financial resources paid.

(225,699)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.

372,345

Change in Net Assets of Governmental Activities (A-2)

\$ 11,782,941

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF NET ASSETS****PROPRIETARY FUNDS****JUNE 30, 2012****Exhibit B-4**

	Enterprise Fund
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 37,100
Accounts Receivable:	
State	1,482
Federal	31,825
Inventory	53,780
Total Current Assets	<u>124,187</u>
Noncurrent Assets:	
Equipment	1,171,911
Accumulated Depreciation	<u>(1,104,914)</u>
Total Fixed Assets	<u>66,997</u>
Total Assets	<u><u>\$ 191,184</u></u>
<u>Net Assets</u>	
Investment in Capital Assets	\$ 66,997
Unrestricted	<u>124,187</u>
Total Net Assets	<u><u>\$ 191,184</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS****Exhibit B-5****PROPRIETARY FUNDS****JUNE 30, 2012**

	Enterprise Fund
Operating Revenues:	
Daily Sales	\$ 1,422,061
Miscellaneous	43,027
Total Operating Revenues	<u>1,465,088</u>
Operating Expenses:	
Salaries & Benefits	905,745
Cost of Sales	992,124
Supplies and Materials	848
Commodities Processing	12,268
Depreciation	18,740
Uniforms	5,366
Office Supplies	1,825
Equipment/Repairs	61,730
Miscellaneous	22,447
Operating Expenses	<u>2,021,093</u>
Operating Gain/(Loss)	(556,005)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	20,768
Federal Sources:	
National School Lunch Program	423,732
Breakfast Program	19,894
Special Milk Program	3,489
Food Distribution Program	93,990
Total Non-Operating Revenues	<u>561,873</u>
Change in Net Assets	5,868
Net Assets - July 1	<u>185,316</u>
Net Assets - June 30	<u><u>\$ 191,184</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2012**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 1,465,088
Payments to Employees & Benefits	(994,712)
Payments to Supplies	(1,039,097)
Net Provided (Used) by Operating Activities	<u>(568,721)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	20,768
Federal Sources	447,115
Net Cash Provided by Noncapital Financing Activities	<u>467,883</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(100,838)
Balance - July 1	<u>137,938</u>
Balance - June 30	<u><u>\$ 37,100</u></u>
Reconciliation of Operating Income (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (556,005)
Depreciation	18,740
Federal Commodities	93,990
Adjustments to Reconcile Operating Income (Loss)	
to Cash Provided (Used) by Operating Activities:	
Decrease/(Increase) in Inventory	(14,061)
(Decrease)/Increase in Accounts Payable	(106,307)
Decrease/(Increase) in Accounts Receivable	(5,078)
Net Provided (Used) by Operating Activities	<u><u>\$ (568,721)</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET ASSETSFIDUCIARY FUNDS

Exhibit B-7

JUNE 30, 2012

	<u>Unemployment Compensation Trust</u>
Assets:	
Cash and Cash Equivalents	\$ 435,046
Total Assets	<u>\$ 435,046</u>
Net Assets:	
Reserved - Unemployment Claims	\$ 435,046
Total Net Assets	<u>\$ 435,046</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

HOWELL TOWNSHIP SCHOOL DISTRICT**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

JUNE 30, 2012

	Unemployment Compensation Trust
<u>Additions</u>	
Contributions:	
Plan Member	\$ 93,521
2011/2012 Budget	100,000
Total Contributions	<u>193,521</u>
<u>Deductions</u>	
Unemployment Claims	<u>198,035</u>
Total Deductions	<u>198,035</u>
Change in Net Assets	(4,514)
Net Assets - July 1	<u>439,560</u>
Net Assets - June 30	<u><u>\$ 435,046</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
HOWELL TOWNSHIP SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Howell Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Howell Township School District is a Type II district located in the County of Monmouth, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Howell Township School District had an approximate enrollment at June 30, 2012 of 6,604 students.

The students Grades 9-12 are educated by the Freehold Regional High School District of which Howell Township is a member.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

NOTE 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate “fund types”.

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Services Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The following presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General, Special Revenues and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances – All Governmental Fund Types. Note that the District does not report encumbrances outstanding at year end as expenditures in the general fund since the general fund budget follows modified accrual basis with the exception of the revenue recognition policy for the last state aid payment.

F. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Short-Term Interfund Receivables/Payables:

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

NOTE 1: Summary of Significant Accounting Policies (Continued)**H. Inventories and Prepaid Expenses (Continued)**

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2003 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2002-2003 fiscal year and prior with a historical cost of \$2,000 or more. The records have been updated to June 30, 2012. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Capital Assets That Are				
Not Being Depreciated:				
Land	\$ 5,348,018	_____	_____	5,348,018
Total Capital Assets Not				
Being Depreciated	5,348,018	_____	_____	5,348,018
Depreciable Assets:				
Site Improvements	9,258,037			9,258,037
Buildings	122,234,570			122,234,570
Machinery & Equip.	12,314,159	442,125	_____	12,756,284
Total	143,806,766	442,125	_____	144,248,891

NOTE 1: Summary of Significant Accounting Policies (Continued)I. Capital Assets and Depreciation (Continued)

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Less: Accumulated Depreciation:				
Sites	(4,258,795)	(393,029)		(4,651,824)
Buildings	(44,260,022)	(2,271,867)		(46,531,889)
Machinery & Equip.	(9,613,245)	(580,774)		(10,194,019)
Total Accumulated Depreciation	<u>(58,132,062)</u>	<u>(3,245,670)</u>		<u>(61,377,732)</u>
Net Depreciable Assets	<u>85,674,704</u>	<u>(2,803,545)</u>		<u>82,871,159</u>
Governmental Activities Capital Assets (Net)	<u>\$ 91,022,722</u>	<u>(2,803,545)</u>		<u>88,219,177</u>

Depreciations expense was charged to governmental functions as follows:

Unallocated	<u>\$ 3,245,670</u>
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	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2012</u>
Business-Type Activities:				
Equipment	\$ 1,171,911			1,171,911
Less: Accumulated Depreciation:				
Equipment	<u>(1,086,174)</u>	<u>(18,740)</u>		<u>1,104,914</u>
Business-Type Capital Assets (Net)	<u>\$ 85,737</u>	<u>(18,740)</u>		<u>66,997</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the general and special revenue funds represent cash which has been received but not yet earned. Deferred revenue in the general fund represents monies received for fiscal year 2012. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 9).

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Deposits**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking and Money Market Accounts	<u>\$ 9,757,466</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2012 was \$9,757,466 and the bank balance was \$12,060,118. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,810,118 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following categories described below:

	Bank Balance	
<u>Depository Account</u>	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Insured:		
FDIC	\$ 250,000	300,000
GUDPA	11,810,118	5,869,847

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had no uninsured deposits.

As of December 31, 2012 the District did not hold any long-term investments.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2012</u>	Long-Term <u>Portion</u>	2012-13 <u>Payment</u>
Compensated Absences Payable	\$ 2,660,671	225,699		2,886,370	2,886,370	
Capital Leases Payable	2,182,873	676,458	781,287	2,078,044	1,227,292	850,752
Installment Obligation	12,132		6,066	6,066		6,066
Bonds Payable	<u>53,466,852</u>	<u> </u>	<u>9,137,482</u>	<u>44,329,370</u>	<u>41,108,804</u>	<u>3,220,566</u>
	<u>\$ 58,322,528</u>	<u>902,157</u>	<u>9,924,835</u>	<u>49,299,850</u>	<u>45,222,466</u>	<u>4,077,384</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

<u>School</u>	<u>Date of</u> <u>Issue</u>	<u>Interest</u> <u>Rate</u>	Balance <u>June 30, 2012</u>
Small Project	08-18-93	1.50%	\$ 35,919
Small Project	08-18-93	5.29%	148,451
Middle School (Refunded)	01-07-98	3.75% to 4.80%	1,560,000
Construction of 3 Schools	07-19-02	3.20% to 5.25%	18,200,000
ERIP (Refunded)	02-19-03	2.00% to 5.875%	2,545,000
Pension Series 2005	03-08-05	3.70% to 5.35%	13,015,000
Construction of 3 Schools (Refunded)	07-15-19	3.60% to 5.25%	<u>8,825,000</u>
			<u>\$ 44,329,370</u>

NOTE 3: General Long-Term Debt (Continued)**A. Bonds Payable (Continued)****Maturity Schedule**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 3,220,566	1,763,473	4,984,039
2014	4,573,804	1,589,277	6,163,081
2015	4,630,000	1,429,208	6,059,208
2016	4,800,000	1,250,585	6,050,585
2017	5,005,000	1,053,343	6,058,343
2018-2022	19,770,000	2,483,032	22,253,032
2023-2027	2,270,000	98,404	2,368,404
2028	<u>60,000</u>	<u>1,452</u>	<u>61,452</u>
	<u>\$ 44,329,370</u>	<u>9,668,774</u>	<u>53,998,144</u>

B. Capital Leases

2010 various equipment @ 2.91% interest for 5 years maturing 9/17/14 with a balance of \$956,494 at June 30, 2012.

2011 Zerox @ 3.94% interest for 5 years maturing 7/15/16 with a balance of \$279,234 at June 30, 2012.

2008 equipment lease @ 0% interest for 5 years maturing 7/15/12 with a balance of \$306,870 at June 30, 2012.

2007 equipment lease @ 3.986% interest for 5 years maturing 9/30/12 with a balance of \$138,222 at June 30, 2012.

2012 Zerox @ 4.15% interest for 5 years maturing 7/15/17 with a balance of \$397,224 at June 30, 2012.

Future Minimum Lease Payments

2012-2013	\$ 850,752
2013-2014	489,409
2014-2015	489,409
2015-2016	151,877
2016-2017	151,877
2017-2018	<u>89,261</u>
	2,222,585
Less: Interest	<u>(144,541)</u>
Lease Payments	<u>\$ 2,078,044</u>

Installment Obligations

Underground storage tank @ no interest dated 8/15/02 for 10 years maturing 11/1/2012 with a balance of \$6,066 at June 30, 2012.

NOTE 3: General Long-Term Debt (Continued)

B. Capital Leases (Continued)

Maturity Schedule

	<u>Principal</u>
2012-2013	<u>\$ 6,066</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

NOTE 4: Pension Plans (Continued)

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

NOTE 4: Pension Plans (Continued)

During the year ended June 30, 2012, the State of New Jersey contributed \$4,522,023 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$3,392,900 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 1,701,647	100%	\$ 0
6/30/11	1,599,263	100%	0
6/30/10	1,819,127	100%	0

Three-Year Trend Information for TPAF (Paid On-Behalf of the District)

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/12	\$ 4,522,023	100%	\$ 0
6/30/11	3,243,456	100%	0
6/30/10	3,137,899	100%	0

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

NOTE 6: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

NOTE 7: Capital Reserve Account

A capital reserve account was established by the Township of Howell Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance July 1, 2011	<u>\$ 1</u>
Ending Balance June 30, 2012	<u>\$ 1</u>

NOTE 8: Inventory

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 30,363
Supplies	<u>23,417</u>
	<u>\$ 53,780</u>

NOTE 8: Inventory (Continued)

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$13,948,394 General Fund fund balance at June 30, 2012, \$5,847,746 is reserved for encumbrances; \$1 is Capital Reserve; \$3,503,765 has been appropriated and also included as anticipated revenue for the year ending June 30, 2013; \$2,549,317 is excess surplus; and \$2,047,565 is unreserved and undesignated.

NOTE 10: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was an excess fund balance at June 30, 2012 of \$2,549,317.

NOTE 11: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 12: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2012 financial statements.

NOTE 13: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 14: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTE 14: Risk Management (Continued)

Property and Liability Insurance – The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance – The District elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2011-2012	100,000	93,521	198,035	435,046
2010-2011	156	571,515	452,974	439,560
2009-2010	146	535,476	264,144	320,863

NOTE 15: Refunding Bonds

Refunding bonds were sold on July 19, 2002 for \$13,435,000 to refund principal and interest on the 1997 Middle School bonds leaving an aggregate principal amount of \$4,115,000 Series 1997 Bonds which will be fully amortized on July 15, 2007. This issue is fully insured by AMBAC Guaranty Insurance Company. The issuing funds have been deposited in an escrow deposit trust fund to defease all the callable bonds on July 15, 2007.

Refunding bonds were sold on March 8, 2005 for \$19,080,000. The Boards unfunded accrued liability in the PERS and TPAF systems under ERI pension fund liabilities.

The bonds maturing prior to July 15, 2016 are not subject to redemption prior to their stated maturities. The bonds of this issue maturing on or after July 15, 2016 are subject to redemption prior to their stated maturity at the option of the Board, in whole or in part, on any date, on or after July 15, 2015 upon notice as required herein at 100% of the principal amount (the “Redemption Price”), plus in each case accrued interest to the date fixed for redemption.

Refunding revenue bonds were sold on March 15, 2006 for \$5,008,000 for restructuring purposes.

Refunding bonds were issued dated 12/29/11 for \$2,375,000 to refund a portion of its 2003 refunding bonds and refunding bonds were issued dated 5/22/12 to refund a portion of its 2002 refunding bonds in the amount of \$8,825,000, both issues sold to the Monmouth County Improvement Authority.

NOTE 16: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 17: Equity Balance

At June 30, 2012 the General Fund equity balance was as follows:

Restricted Fund Balances:	
Excess Surplus – Current Year	\$ 2,549,317
Committed Fund Balance:	
Capital Reserve	1
Excess Surplus – Designated for Subsequent Years Expenditures	772,620
Assigned Fund Balances:	
Designated for Subsequent Years Expenditures	2,731,145
Year-End Encumbrances	5,847,746
Unassigned Fund Balance	<u>2,047,565</u>
	<u>\$ 13,948,394</u>

2% Calculation of Excess Surplus

2011-12 Total General Fund Expenditures Per the CAFR	\$ 101,805,502
Decreased by:	
On-Behalf TPAF Pension & Social Security	<u>(7,914,923)</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 93,890,579</u>
2% of Adjusted 2011-12 General Fund Expenditures	<u>\$ 1,877,812</u>
Enter Greater of Above or \$250,000	\$ 1,877,812
Increased by Allowable Adjustment	<u>169,753</u>
Maximum Unassigned Fund Balance	<u>\$ 2,047,565</u>

Section 2

Total General Fund – Fund Balance @ 6-30-12	\$ 13,948,394
Decreased by:	
Reserved by Encumbrances	(5,847,746)
Designated for Subsequent Year's Expenditures	(2,731,145)
Designated for Subsequent Year's Expenditures – Excess Surplus	(772,620)
Other Reserves	<u>(1)</u>
Total Unassigned Fund Balance	<u>\$ 4,596,882</u>
Reserved Fund Balance – Excess Surplus	<u>\$ 2,549,317</u>

NOTE 17: Equity Balance (Continued)**Section 3**

Reserved Fund Balance – Excess Surplus Designated for

Subsequent Expenditures

\$ 772,620

Reserved Fund Balance – Excess Surplus

2,549,317\$ 3,321,937**Detail of Allowable Adjustments**

Non Public Transportation

\$ 31,158

Extraordinary Aid

138,595

Total Adjustments

\$ 169,753**Detail of Other Reserved Fund Balances**

Capital Reserve

\$ 1**NOTE 18: Significant Account Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through October 11, 2012.

NOTE 19: Payroll Account

The Board of Education's pay periods are the 15th and 30th of each month. The bank statements are issued on the 10th of each month to avoid large amounts of outstanding checks which would be generated if the statement date was the last day of each month. The reconciliation at year-end is at July 10th and the majority of the balance consists of \$497,000 which is the deposit for the July 15th period pay.

REQUIRED SUPPLEMENTARY INFORMATION
PART II

BUDGETARY COMPARISON SCHEDULES – C

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 64,464,148		64,464,148	64,464,148	-
Tuition	900,988		900,988	1,015,135	114,147
Interest on Investments			-	2,744	2,744
Miscellaneous	300,000		300,000	394,762	94,762
Total Local Sources	65,665,136	-	65,665,136	65,876,789	211,653
State Sources:					
Special Education Aid	3,565,842		3,565,842	3,565,842	-
Equalization Aid	27,113,158		27,113,158	27,616,306	503,148
Extraordinary Aid	350,000		350,000	488,595	138,595
Security Aid				500,617	500,617
Non Public Transportation			-	31,158	31,158
On Behalf of TPAF Pension Contr. (Non-Budgeted)			-	4,522,023	4,522,023
Reimbursed TPAF Social Security Contributions (Non-Budgeted)					
Total State Sources	31,029,000	-	31,029,000	3,392,900	3,392,900
				40,117,441	9,088,441
Federal Sources					
Education Jobs Fund	1,149,592	36,015	1,185,607	1,185,607	-
Medicaid	41,795		41,795	72,659	30,864
Total Federal Sources	1,191,387	36,015	1,227,402	1,258,266	30,864
Total Revenues	97,885,523	36,015	97,921,538	107,252,496	9,330,958

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Distributed Expenditures:					
Current Expense:					
Instruction - Regular Programs:					
Preschool/Kindergarten	2,365,560	52,119	2,417,679	2,417,679	-
Grades 1-5	13,256,543	1,094,632	14,351,175	12,980,147	1,371,028
Grades 6-8	10,548,722	(356,895)	10,191,827	10,191,827	-
Regular Programs - Undistributed					
Instruction:					
General Supplies	813,636	(33,939)	779,697	734,218	45,479
Textbooks	269,373	666,775	936,148	900,784	35,364
Other Objects	262,735	1,008	263,743	242,002	21,741
Total Regular Programs	27,516,569	1,423,700	28,940,269	27,466,657	1,473,612
Special Education:					
Cognitive - Mild:					
Instruction:					
Salaries of Teachers	152,800	42,818	195,618	175,688	19,930
Other Salaries for Instruction	117,948	(27,795)	90,153	89,153	1,000
General Supplies	2,250	(481)	1,769	1,519	250
Other Objects	900	(147)	753	678	75
Total Cognitive - Mild	273,898	14,395	288,293	267,038	21,255

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 3 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or Language Disabilities - Instruction:					
Salaries of Teachers	1,159,726	(84,158)	1,075,568	1,057,433	18,135
Other Salaries for Instruction	412,818	(40,397)	372,421	372,421	-
General Supplies	20,000	(10,406)	9,594	9,594	-
Other Objects	2,200	(601)	1,599	1,400	199
Total Learning/Language Disabilities	1,594,744	(135,562)	1,459,182	1,440,848	18,334
Behavioral Disabilities - Instruction:					
Salaries of Teachers	201,075	(62,277)	138,798	120,194	18,604
Other Salaries For Instruction	88,461	(4,684)	83,777	68,777	15,000
Supplies	1,200	(285)	915	914	1
Other Objects	1,800	1,534	3,334	3,334	-
Total Behavioral Disabilities	292,536	(65,712)	226,824	193,219	33,605
Multiple Disabilities - Instruction:					
Salaries of Teachers	356,835	213,334	570,169	568,356	1,813
Other Salaries for Instruction	88,461	16,218	104,679	104,679	-
General Supplies	2,250	(2,250)	-	-	-
Other Objects	1,800	(1,640)	160	60	100
Total Multiple Disabilities	449,346	225,662	675,008	673,095	1,913
Resource Room/Resource Center - Instruction:					
Salaries of Teachers	6,353,176	(235,084)	6,118,092	6,116,747	1,345
Other Salaries for Instruction	828,441	95,377	923,818	923,585	233
Total Resource Room/Resource Center	7,181,617	(139,707)	7,041,910	7,040,332	1,578

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Autistic - Instruction:					
Salaries of Teachers	286,510	500	287,010	287,010	-
Other Salaries for Instruction	324,357	51,916	376,273	367,599	8,674
General Supplies	6,000		6,000	6,000	-
Other Objects	3,000	(735)	2,265	2,264	1
Total Autistic	619,867	51,681	671,548	662,873	8,675
Preschool Disabilities - Part-Time - Instruction:					
Salaries of Teachers	249,425	34,487	283,912	283,838	74
Other Salaries for Instruction	88,461	266,450	354,911	354,910	1
General Supplies	5,000	(3,737)	1,263	1,013	250
Other Objects	1,000	(1,000)	-	-	-
Total Preschool Disabilities - Part-Time	343,886	296,200	640,086	639,761	325
Preschool Disabilities-Full time-Instruction:					
Salaries of Teachers	332,325	18,886	351,211	341,211	10,000
Other Salaries for Instruction	235,896	(117,538)	118,358	117,948	410
General Supplies	5,000	(4,431)	569	418	151
Other Objects	1,000	(1,000)	-	-	-
Total Preschool Disabilities-Full time	574,221	(104,083)	470,138	459,577	10,561
Total Special Education - Instruction	11,330,115	142,874	11,472,989	11,376,743	96,246
Basic Skills/Remedial Instruction:					
Salaries of Teachers	2,152,859	(120,085)	2,032,774	2,032,773	1
Other Salaries for Instruction	39,348	820	40,168	40,168	-
Total Basic Skills/Remedial	2,192,207	(119,265)	2,072,942	2,072,941	1

HOWELL TOWNSHIP SCHOOL DISTRICT

**Exhibit C-1
Sheet 5 of 13**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	113,674	47,050	160,724	160,724	-
General Supplies	2,500		2,500	2,500	-
Textbooks	1,000	2,399	3,399	3,398	1
Other Objects	500		500	453	47
Total Bilingual Education	<u>117,674</u>	<u>49,449</u>	<u>167,123</u>	<u>167,075</u>	<u>48</u>
School Sponsored Co-Curricular Activities - Instruction:					
Salaries	84,000	59,760	143,760	136,500	7,260
Other Purchased Services	6,600	(4,720)	1,880	1,880	-
General Supplies	1,750	2,334	4,084	4,084	-
Total School Sponsored Co-Curricular Activities	<u>92,350</u>	<u>57,374</u>	<u>149,724</u>	<u>142,464</u>	<u>7,260</u>
School Sponsored Athletics-Instruction					
Salaries	5,175	(5,175)	-		-
Other Purchased Services	255,000	(16,011)	238,989	238,988	1
Supplies and Materials		32,575	32,575	23,349	9,226
Total School Sponsored Athletics	<u>260,175</u>	<u>11,389</u>	<u>271,564</u>	<u>262,337</u>	<u>9,227</u>
Total Instruction	<u>41,509,090</u>	<u>1,565,521</u>	<u>43,074,611</u>	<u>41,488,217</u>	<u>1,586,394</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs W/I State - Special	113,588	110,959	224,547	224,547	-
Tuition to Private School for the Disabled W/I State	797,170	(86,442)	710,728	550,417	160,311
Total Instruction	<u>910,758</u>	<u>24,517</u>	<u>935,275</u>	<u>774,964</u>	<u>160,311</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Attendance and Social Work:					
Salaries	86,113		86,113	86,113	-
Other Objects	900	(450)	450		450
Total Attendance and Social Work	<u>87,013</u>	<u>(450)</u>	<u>86,563</u>	<u>86,113</u>	<u>450</u>
Health Services:					
Salaries	1,130,837	(18,667)	1,112,170	1,089,952	22,218
Purchase Prof/Tech. Services	15,000		15,000	15,000	-
Supplies and Materials	13,300	18,778	32,078	31,606	472
Other Objects	100		100		100
Total Health Services	<u>1,159,237</u>	<u>111</u>	<u>1,159,348</u>	<u>1,136,558</u>	<u>22,790</u>
Other Support Services - Students - Related Services:					
Salaries	1,362,602	(20,918)	1,341,684	1,339,764	1,920
Purchased Professional Educational Services	45,500	(7,548)	37,952	24,544	13,408
Supplies and Materials	10,000	(1,353)	8,647	6,147	2,500
Other Objects	7,500	(2,074)	5,426	3,005	2,421
Total Other Support Services - Students - Rel. Services	<u>1,425,602</u>	<u>(31,893)</u>	<u>1,393,709</u>	<u>1,373,460</u>	<u>20,249</u>
Other Support Services - Extraordinary Services:					
Salaries	914,097	(101,820)	812,277	776,880	35,397
Other Support Services Students - Regular:					
Salaries	<u>1,039,838</u>	<u>(119,449)</u>	<u>920,389</u>	<u>845,389</u>	<u>75,000</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Services - Special:					
Other Salaries for Instruction	2,819,610	(14,687)	2,804,923	2,779,714	25,209
Salaries - Secretarial and Clerical	516,078		516,078	516,078	-
Other Objects	13,000	(2,357)	10,643	9,892	751
Total Other Support Services - Special	3,348,688	(17,044)	3,331,644	3,305,684	25,960
Improvement of Instruction:					
Salaries - Supervisors	467,822	1	467,823	467,822	1
Salaries - Secretarial and Clerical	252,367	(2,677)	249,690	242,691	6,999
Total Improvement of Instruction	720,189	(2,676)	717,513	710,513	7,000
Educational Media Services/School Library:					
Salaries	839,400	(8,700)	830,700	813,200	17,500
Supplies and Materials	116,540	(34,325)	82,215	78,771	3,444
Total Educational Media Services/School Library	955,940	(43,025)	912,915	891,971	20,944
Instructional Staff Training Services:					
Other Objects	105,000	16,514	121,514	91,090	30,424
Total Instructional Staff Training Services	105,000	16,514	121,514	91,090	30,424

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Support Services - General Administration:					
Salaries	588,186	(30,121)	558,065	550,565	7,500
Legal Services	160,000	118,226	278,226	265,738	12,488
Audit Fees	24,000	(3,000)	21,000	21,000	
Purchased Professional Services	22,000	28,495	50,495	27,895	22,600
Purchased Technical Services	10,000	64,993	74,993	74,993	-
Communications - Telephone	357,800	(6,919)	350,881	350,514	367
Other Purchased Services	15,000	(14,566)	434	434	-
General Supplies	38,850	4,127	42,977	42,976	1
Other Objects	35,400	(8,737)	26,663	26,663	-
Total Support Services - General Administration	1,251,236	152,498	1,403,734	1,360,778	42,956
Support Services - School Administration:					
Salaries:					
Principals/Assistant Principals	2,741,536	74,763	2,816,299	2,641,299	175,000
Secretarial and Clerical	1,243,737	25,085	1,268,822	1,265,769	3,053
Other Purchased Services	20,250	(11,670)	8,580	8,579	1
Supplies & Materials	39,229	(15,272)	23,957	17,980	5,977
Total Support Services - School Administration	4,044,752	72,906	4,117,658	3,933,627	184,031

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Central Services:					
Salaries	883,012	(343)	882,669	881,666	1,003
Purchased Tech. Services		85,765	85,765	55,415	30,350
Sale-Lease-Back Payments	239,648		239,648	239,648	-
Supplies and Materials	84,690	(4,395)	80,295	73,371	6,924
Total Central Services	1,207,350	81,027	1,288,377	1,250,100	38,277
Administrative Information Technology:					
Salaries	308,406	43,480	351,886	328,654	23,232
Purchased Technical Services	288,900	31,628	320,528	315,912	4,616
Other Purchased Services	30,000	(280)	29,720	29,720	-
Supplies and Materials	5,000		5,000	4,392	608
Total Administrative Information Technology	632,306	74,828	707,134	678,678	28,456
Required Maintenance for School Facilities:					
Salaries	722,335	32,392	754,727	747,512	7,215
Cleaning Repairs & Maintenance Services	777,800	158,625	936,425	815,627	120,798
General Supplies	156,100	7,807	163,907	148,653	15,254
Total Required Maintenance for School Facilities	1,656,235	198,824	1,855,059	1,711,792	143,267
Other Operating & Maintenance of Plant:					
Salaries	2,951,460	175,263	3,126,723	3,022,881	103,842
Cleaning Repairs & Maintenance	149,600	18,902	168,502	93,096	75,406
Other Purchased Property Services	187,000	(22,262)	164,738	154,529	10,209
Insurance	281,900	(18,012)	263,888	263,888	-
Purchased Services	31,000	(9,297)	21,703	21,703	-
General Supplies	322,000	105,516	427,516	285,788	141,728

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Operating & Maintenance of Plant (Continued):					
Energy-Oil	24,150	(24,150)	-		
Energy	2,359,938	(582,537)	1,777,401	1,329,735	447,666
Energy-Gas	1,356,023	(466,778)	889,245	679,598	209,647
Total Other Operating & Maintenance of Plant	7,663,071	(823,355)	6,839,716	5,851,218	988,498
Care and Upkeep of Grounds:					
Salaries	466,460	(3,014)	463,446	448,773	14,673
Cleaning, Repair and Maintenance	42,000	(1,602)	40,398	26,782	13,616
General Supplies	100,700		100,700	94,124	6,576
Total Care and Upkeep of Grounds	609,160	(4,616)	604,544	569,679	34,865
Security					
Cleaning, Repair and Maintenance	98,000	(15,044)	82,956	69,079	13,877
Student Transportation Services:					
Salaries-Aides	449,017	74,826	523,843	498,587	25,256
Salaries - Pupil Trans. B/W Home & School - Regular	2,096,994	(11,270)	2,085,724	1,988,740	96,984
Cleaning Repairs and Maintenance	31,543	27,131	58,674	58,674	-
Contracted Services B/W Home & School - Vendors	2,380,000	(644,027)	1,735,973	1,735,586	387
Contracted Services - Special Education - Vendors	900,000	201,224	1,101,224	1,100,786	438
Contracted Services - Joint Agreements	3,000	(3,000)	-		-
Contracted Services - Special Ed. - ESCs & CTSAs	750,000	(289,245)	460,755	460,754	1
Miscellaneous Purchased Services	550,000	(156,259)	393,741	363,219	30,522
General Supplies	582,818	86	582,904	571,185	11,719
Other Objects	325,965	118,084	444,049	256,437	187,612
Total Student Transportation Services	8,069,337	(682,450)	7,386,887	7,033,968	352,919

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Student Transportation Services - Employee Benefits:					
Social Security	236,250		236,250	236,250	-
Workmen's Compensation	500,000	(45,546)	454,454	454,454	-
Health Benefits	208,848	250,000	458,848	208,848	250,000
Total Student Transportation - Employee Benefits	945,098	204,454	1,149,552	899,552	250,000
Personal Services - Employee Benefits:					
Social Security	1,012,993	92,024	1,105,017	1,049,017	56,000
TPAF Contributions-ERIP	85,000	15,959	100,959	48,958	52,001
Other Retirement Contributions-PERS	1,865,627	(163,980)	1,701,647	1,701,647	-
Other Contributions ERIP	181,807	438,866	620,673	496,863	123,810
Unemployment Compensation	150,000	(50,000)	100,000	100,000	-
Workmen's Compensation	250,000	(49,999)	200,001	200,000	1
Health Benefits	15,957,793	197,947	16,155,740	13,007,997	3,147,743
Tuition Reimbursements	35,000	(5,826)	29,174	29,174	-
Total Personal Services - Employee Benefits	19,538,220	474,991	20,013,211	16,633,656	3,379,555
On-Behalf TPAF Pension Contributions (Non-Budgeted)			-	4,522,023	(4,522,023)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	3,392,900	(3,392,900)
				7,914,923	(7,914,923)
Total Undistributed Expenditures	56,381,127	(541,152)	55,839,975	57,899,672	(2,059,697)
Total Expenditures - Current Expense	97,890,217	1,024,369	98,914,586	99,387,889	(473,303)

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Equipment:					
Undistributed Expenditures - School Administration	143,732		143,732	143,732	-
Undistributed Expenditures - Instruction		329,035	329,035		329,035
Undistributed Expenditures - Adm. Information Tech.	347,362	241,484	588,846	369,489	219,357
Undistributed Expenditures - Plant Maintenance	304,444	(150,575)	153,869	14,416	139,453
Undistributed Expenditures - Equipment		1,196,584	1,196,584	196,584	1,000,000
Undistributed Expenditures - Transportation	450,000	(42,391)	407,609	407,609	-
	<u>1,245,538</u>	<u>1,574,137</u>	<u>2,819,675</u>	<u>1,131,830</u>	<u>1,687,845</u>
Facilities Acquisition-Other Objects	100,176		100,176	100,176	-
Total Capital Outlay	<u>1,345,714</u>	<u>1,574,137</u>	<u>2,919,851</u>	<u>1,232,006</u>	<u>1,687,845</u>
Education Jobs Fund:					
Health Benefits	<u>1,149,592</u>	<u>36,015</u>	<u>1,185,607</u>	<u>1,185,607</u>	
Total Expenditures	<u>100,385,523</u>	<u>2,634,521</u>	<u>103,020,044</u>	<u>101,805,502</u>	<u>1,214,542</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,500,000)</u>	<u>(2,598,506)</u>	<u>(5,098,506)</u>	<u>5,446,994</u>	<u>10,545,500</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-1
Sheet 13 of 13

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Final to Actual
Other Financing Sources (Uses)					
Amount to Bring Fund Balance Into Agreement With					
Assets					
Accounts Receivable Cancelled			-	80,380	80,380
Total Other Financing Sources (Uses)				(800)	(800)
				79,580	79,580
Excess (Deficiency) of Revenues Over					
(Under) Expenditures and Other Financing					
Sources (Uses)	(2,500,000)	(2,598,506)	(5,098,506)	5,526,574	10,625,080
Fund Balance July 1	8,421,820		8,421,820	8,421,820	-
Fund Balance June 30	\$ 5,921,820	(2,598,506)	3,323,314	13,948,394	10,625,080
Recapitulation:					
Restricted Funds:					
Excess Surplus-Current Year				\$ 2,549,317	
Committed Fund Balances:					
Capital Reserve				1	
Excess Surplus-Designated For Subsequent Year's Expenditures				772,620	
Assigned Fund Balances:					
Year End Encumbrances				5,847,746	
Designated For Subsequent Year's Expenditures				2,731,145	
Unassigned Fund Balance				2,047,565	
				13,948,394	
Reconciliation To Government fund Statements (GAAP):					
Last State Aid Payment Not Recognized on GAAP Basis				(3,153,533)	
Fund Balance per Government Funds (GAAP)				\$ 10,794,861	

HOWELL TOWNSHIP SCHOOL DISTRICTBUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

FEDERAL EDUCATION JOBS FUNDFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits:			
18-000-291-270	<u>\$ 1,185,607</u>	<u>1,185,607</u>	<u></u>
Total Education Jobs	<u><u>\$ 1,185,607</u></u>	<u><u>1,185,607</u></u>	<u><u>-</u></u>

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State Sources	\$ 222,097	(65,807)	156,290	156,290	-
Local Sources		1,500	1,500	1,500	-
Federal Sources	2,208,374	33,489	2,241,863	2,241,863	-
Total Revenues	\$ 2,430,471	(30,818)	2,399,653	2,399,653	-
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 522,439		522,439	522,439	-
Purchased Professional and Technical Services	770,213	(30,818)	739,395	739,395	-
General Supplies	172,682		172,682	172,682	-
Textbooks	20,122		20,122	20,122	-
Other Objects	6,136		6,136	6,136	-
Total Instruction	1,491,592	(30,818)	1,460,774	1,460,774	-
Support Services:					
Other Salaries for Instruction	279,551		279,551	279,551	-
Personal Services - Employee Benefits	198,496		198,496	198,496	-
Purchased Professional Services	418,623		418,623	418,623	-
Other Purchased Services (400-500 Series)	6,638		6,638	6,638	-
Supplies and Materials	28,689		28,689	28,689	-
Other Objects	1,948		1,948	1,948	-
Total Support Services	933,945	-	933,945	933,945	-
Facilities Acquisition and Construction Services:					
Instructional Equipment	4,934		4,934	4,934	-
Total Expenditures	\$ 2,430,471	(30,818)	2,399,653	2,399,653	-

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

HOWELL TOWNSHIP SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION****Exhibit C-3****BUDGET TO GAAP RECONCILIATION****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 107,252,496	2,399,653
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		391,534
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,945,020	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(3,153,533)</u>	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 107,043,983</u>	<u>2,791,187</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 101,805,502	2,399,653
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>391,534</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	<u>\$ 101,805,502</u>	<u>2,791,187</u>

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

HOWELL TOWNSHIP SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Exhibit E-1
Sheet 1 of 2

	Non-Public								
	Chapter 192				Chapter 193				
	Textbooks	Nursing	E.S.L.	Compensatory Education	Transportation	Supplemental Instruction	Examination & Classification Initial	Annual	Corrective Speech
Revenues:									
Local Sources	\$ -								
State Sources	20,122	29,872	862	43,957	11,890	15,433	13,516	4,841	15,797
Federal Sources									
Total Revenues	\$ 20,122	29,872	862	43,957	11,890	15,433	13,516	4,841	15,797
Expenditures:									
Instruction:									
Salaries of Teachers	\$ -								
General Supplies									
Textbooks	20,122								
Other Purchased Services			862	43,957		15,433	13,516	4,841	15,797
Other Objects									
Total Instruction	20,122	-	862	43,957	-	15,433	13,516	4,841	15,797
Support Services:									
Other Salaries									
Purchased Professional Services		29,872			11,890				
Other Purchased Services									
Supplies and Materials									
Other Objects									
Personal Services - Employee Benefits									
Total Support Services	-	29,872	-	-	11,890	-	-	-	-
Facilities Acquisition and Construction Services:									
Instructional Equipment									
Total Expenditures	\$ 20,122	29,872	862	43,957	11,890	15,433	13,516	4,841	15,797

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit E-1
Sheet 2 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES

BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Title I	Title IIA	Title IID	Title III	Title III Immigrant	I.D.E.A. Part B Regular	I.D.E.A. Preschool	A.R.R.A. I.D.E.A. Part B Regular	A.R.R.A. I.D.E.A. Preschool	Howell Alliance	Totals
Revenues:											
Local Sources											
State Sources	299,950	171,632	9	25,644	7,949	1,592,023	122,607	349	21,700	1,500	1,500
Federal Sources											156,290
											2,241,863
Total Revenues	299,950	171,632	9	25,644	7,949	1,592,023	122,607	349	21,700	1,500	2,399,653
Expenditures:											
Instruction:											
Salaries of Teachers	217,285	139,075		9,284	5,502	145,300	1,821		4,172		522,439
General Supplies	17,570			14,610	2,447	119,410	18,645				172,682
Textbooks											20,122
Other Purchased Services						599,741	45,248				739,395
Other Objects						3,596	1,040			1,500	6,136
Total Instruction	234,855	139,075	-	23,894	7,949	868,047	66,754	-	4,172	1,500	1,460,774
Support Services:											
Other Salaries						279,551					279,551
Purchased Professional Services	24,225	4,115	9	625		276,437	54,285		17,165		418,623
Other Purchased Services		161				6,477					6,638
Supplies and Materials	2,571	466				23,735	1,568	349			28,689
Other Objects						1,948			363		1,948
Personal Services - Employee Benefits	38,299	27,815		1,125		130,894					198,496
Total Support Services	65,095	32,557	9	1,750	-	719,042	55,853	349	17,528	-	933,945
Facilities Acquisition and Construction Services:											
Instructional Equipment						4,934					4,934
Total Expenditures	299,950	171,632	9	25,644	7,949	1,592,023	122,607	349	21,700	1,500	2,399,653

CAPITAL PROJECTS FUND – F

HOWELL TOWNSHIP SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGESIN FUND BALANCE - BUDGETARY BASISFOR THE FISCAL YEAR ENDED JUNE 30, 2012

Fund Balance - Beginning	\$ 41,537
Fund Balance - Ending	<u>\$ 41,537</u>

PROPRIETARY FUNDS – G

N/A

FIDUCIARY FUND – H

HOWELL TOWNSHIP SCHOOL DISTRICT

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

Exhibit H-1

JUNE 30, 2012

	<u>Unemployment</u>	<u>Student Activity</u>	<u>Payroll Salary</u>	<u>Payroll Agency</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ 435,046	169,877	502,043	510,019	1,616,985
Total Assets	<u>\$ 435,046</u>	<u>169,877</u>	<u>502,043</u>	<u>510,019</u>	<u>1,616,985</u>
Liabilities:					
Payroll Deductions and Withholdings Due to Student Groups	\$ -	169,877	502,043	510,019	1,012,062
Total Liabilities	<u>\$ -</u>	<u>169,877</u>	<u>502,043</u>	<u>510,019</u>	<u>1,181,939</u>
Net Assets:					
Held in Trust for Unemployment Claims and Other Purposes	\$ 435,046				435,046
Total Net Assets	<u>\$ 435,046</u>				<u>435,046</u>

*As of July 10, 2012.

HOWELL TOWNSHIP SCHOOL DISTRICT

71.

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2012

Exhibit H-2

	Unemployment Compensation Trust	Total
Additions:		
2011/2012 Budget	\$ 100,000	100,000
Payroll Deductions and Withholdings	93,521	93,521
Total Additions	193,521	193,521
Deductions:		
Unemployment Claims	198,035	198,035
Total Deductions	198,035	198,035
Change in Net Assets	(4,514)	(4,514)
Net Assets, June 30, 2011	439,560	439,560
Net Assets, June 30, 2012	\$ 435,046	435,046

HOWELL TOWNSHIP SCHOOL DISTRICT**Exhibit H-3****STUDENT ACTIVITY AGENCY FUND****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
Total Schools	<u>\$ 161,224</u>	<u>272,836</u>	<u>264,183</u>	<u>169,877</u>

HOWELL TOWNSHIP SCHOOL DISTRICT**PAYROLL AGENCY FUND****Exhibit H-4****SCHEDULE OF RECEIPTS AND DISBURSEMENTS****JUNE 30, 2012**

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
Assets:				
Cash and Cash Equivalents	\$ 31,530	30,537,404	30,058,915	510,019
Total Assets	<u>\$ 31,530</u>	<u>30,537,404</u>	<u>30,058,915</u>	<u>510,019</u>
Liabilities:				
Payroll Deductions and Withholdings	\$ 31,530	30,537,404	30,058,915	510,019
Total Liabilities	<u>\$ 31,530</u>	<u>30,537,404</u>	<u>30,058,915</u>	<u>510,019</u>

LONG-TERM DEBT – I

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

Exhibit I-1
Sheet 1 of 2

JUNE 30, 2012

	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Date</u>	<u>Maturity Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2011</u>	<u>Issued</u>	<u>Refunded</u>	<u>Retired</u>	<u>Balance June 30, 2012</u>
School: Small Project	8/18/93	\$ 341,250	7/15/12-2013	\$ 17,961	1.50%	\$ 53,880			17,961	35,919
Small Project	8/18/93	1,023,750	7/15/12 7/15/13	72,606 75,845	5.29% 5.29%	217,972			69,521	148,451
Middle School (Refunding)	1/7/98	13,590,000	7/15/12	1,560,000	4.80%	3,050,000			1,490,000	1,560,000
Middle School (Refunding)	7/19/02	13,435,000				9,685,000		8,500,000	1,185,000	-
Construction of 3 Schools	7/19/02	31,530,000				5,340,000		3,930,000	1,410,000	-
2012A Refunding Bonds	5/22/12	8,825,000	12/1/2013 12/1/2014 12/1/2015 12/1/2016 12/1/2017 12/1/2022	1,275,000 1,305,000 1,355,000 1,415,000 1,470,000 2,005,000	2.00% 4.00% 4.00% 4.00% 4.00% 5.00%		8,825,000			8,825,000
Construction of 3 Schools (Refunding)	9/17/10	18,600,000	7/15/12 7/15/13 7/15/14 7/15/15 7/15/16 7/15/17 7/15/18 7/15/19 7/15/20 7/15/21	205,000 1,745,000 1,800,000 1,855,000 1,920,000 1,990,000 2,045,000 2,120,000 2,215,000 2,305,000	2.50% 3.00% 3.00% 3.00% 4.00% 3.00% 3.00% 4.25% 4.00% 4.00%	18,400,000			200,000	18,200,000

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

SCHEDULE OF SERIAL BONDS

JUNE 30, 2012

Exhibit I-1
Sheet 2 of 2

Date of Issue	Amount of Issue	Annual Date	Maturity Amount	Interest Rate	Balance June 30, 2011	Issued	Refunded	Retired	Balance June 30, 2012
2/19/03	\$ 3,630,000	10/1/12	\$ 170,000	4.875%	2,580,000		2,245,000	165,000	170,000
ERIP Refunding									
12/29/11	2,375,000	10/1/12	20,000	1.560%		2,375,000			2,375,000
		10/1/13	225,000	1.760%					
		10/1/14	230,000	1.940%					
		10/1/15	230,000	2.310%					
		10/1/16	240,000	2.660%					
		10/1/17	250,000	2.960%					
		10/1/18	260,000	3.310%					
		10/1/19	270,000	3.590%					
		10/1/20	280,000	3.890%					
		10/1/21	45,000	4.840%					
		10/1/22	45,000	4.840%					
		10/1/23	50,000	4.840%					
		10/1/24	55,000	4.840%					
		10/1/25	55,000	4.840%					
		10/1/26	60,000	4.840%					
		10/1/27	60,000	4.840%					
Pension Series 2005									
3/8/05	19,080,000	7/15/12	1,175,000	4.650%	14,140,000			1,125,000	13,015,000
		7/15/13	1,235,000	4.800%					
		7/15/14	1,295,000	4.950%					
		7/15/15	1,360,000	4.950%					
		7/15/16	1,430,000	5.050%					
		7/15/17	1,505,000	5.100%					
		7/15/18	1,585,000	5.200%					
		7/15/19	1,670,000	5.300%					
		7/15/20	1,760,000	5.350%					
					\$ 53,466,852	11,200,000	14,675,000	5,662,482	44,329,370

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit I-1a

SCHEDULE OF INSTALLMENT OBLIGATIONS

	<u>Date of Agreement</u>	<u>Amount</u>	<u>Date of Installments</u>	<u>Balance June 30, 2011</u>	<u>Paid</u>	<u>Balance June 30, 2012</u>
Underground Storage Tank	8/15/02	\$ 60,660	11/1/12 @ \$6,066	\$ 12,132	6,066	6,066
				<u>\$ 12,132</u>	<u>6,066</u>	<u>6,066</u>

HOWELL TOWNSHIP SCHOOL DISTRICT

LONG-TERM DEBT

Exhibit 1-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2012

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2012</u>
2007 Equipment Lease	3.10%	640,120	\$ 271,146		132,924	138,222
Apple Equipment Lease	0.00%	1,227,483	613,741		306,870	306,871
Dell Equipment Lease	0.00%	161,961	40,491		40,491	-
2010 Equipment Lease	2.91%	1,550,000	1,257,495		301,001	956,494
Xerox Copiers	3.94%	279,234		279,234		279,234
Xerox Copiers	3.94%	397,224		397,224		397,224
			\$ 2,182,873	676,458	781,286	2,078,045

HOWELL TOWNSHIP SCHOOL DISTRICT

Exhibit I-3

LONG-TERM DEBT

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/(Negative) Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 6,830,168		6,830,168	6,830,168	
Miscellaneous - Refunding Proceeds				17,804	17,804
State Sources:					
Debt Service Aid Type II	1,096,059		1,096,059	1,096,059	
Total Revenues	<u>7,926,227</u>	<u>-</u>	<u>7,926,227</u>	<u>7,944,031</u>	<u>17,804</u>
Expenditures:					
Regular Debt Service:					
Interest	2,257,679		2,257,679	2,257,678	1
Redemption of Principal	5,668,548		5,668,548	5,668,547	1
Total Regular Debt Service	<u>7,926,227</u>	<u>-</u>	<u>7,926,227</u>	<u>7,926,225</u>	<u>2</u>
Total Expenditures	<u>7,926,227</u>	<u>-</u>	<u>7,926,227</u>	<u>7,926,225</u>	<u>2</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	17,806	17,806
Fund Balance July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>17,807</u>	<u>17,806</u>

STATISTICAL SECTION

(Unaudited)

Exhibit J-1	GASB B-1	New
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Source: CAFR Schedule A-1

Exhibit J-2
GASB B-2
New

80.

Source: CAFR Schedule A-2

Howell Township Board of Education
Fund Balances, Governmental Funds,
Last Nine Fiscal Years (Unaudited)
(modified accrual basis of accounting)

Exhibit J-3
GASB B-3
New

	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund									
Reserved	\$ 3,484,675	\$ 6,689,895	\$ 4,526,550	\$ 4,866,301	\$ 4,746,369	\$ 3,237,454	\$ 3,160,424	\$ 6,460,964	\$ 11,900,829
Unreserved	1,042,728	401,775	2,631,574	824,307	2,461,452	(900,057)	(730,305)	(984,164)	(1,105,968)
Total General fund	<u>\$ 4,527,403</u>	<u>\$ 7,091,670</u>	<u>\$ 7,158,124</u>	<u>\$ 5,690,608</u>	<u>\$ 7,207,841</u>	<u>\$ 2,337,397</u>	<u>\$ 2,430,119</u>	<u>\$ 5,476,800</u>	<u>\$ 10,794,861</u>
All Other Governmental Funds									
Reserved	\$ 2,362,539	\$ 269,099	\$ 367,193	\$ 596,570	\$ 305,392			\$ 39,573	\$ -
Unreserved, reported in:									
Special revenue fund	(7,975)	(7,686)	(7,826)	(7,625)	(7,870)				
Capital projects fund							42,499	41,537	41,537
Debt service fund	243,920	(35,120)	7,559	7,559	61,390	61,390	53,054	1	17,807
Permanent fund						-	-		
Total all other governmental funds	<u>\$ 2,598,484</u>	<u>\$ 226,293</u>	<u>\$ 366,926</u>	<u>\$ 596,504</u>	<u>\$ 358,912</u>	<u>\$ 61,390</u>	<u>\$ 95,553</u>	<u>\$ 81,111</u>	<u>\$ 59,344</u>

Source: CAFR Schedule B-1

Howell Township Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years (Unaudited)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Tax levy	\$ 46,705,023	\$ 52,230,942	\$ 56,747,257	\$ 58,687,036	\$ 66,289,974	\$ 67,648,945	\$ 69,558,224	\$ 70,895,190	\$ 71,248,006	\$ 71,294,316
Tuition charges	96,042	97,907	28,539	141,490	296,235	171,476	387,572	536,262	1,157,362	1,015,135
Interest earnings	467,916	151,553	220,205	283,125	339,056	187,787	60,218	23,832	8,618	2,744
Miscellaneous	52,972	2,580,298	139,400	2,291,820	99,290	72,013	363,228	198,986	408,944	414,066
State sources	34,417,758	36,611,140	38,072,977	38,815,776	42,326,139	43,248,009	41,536,811	38,426,263	38,669,286	41,181,886
Federal sources	1,705,871	2,013,717	1,618,446	2,214,534	1,939,325	2,168,732	1,306,302	8,146,080	2,700,556	3,871,054
Total revenue	\$ 83,446,582	\$ 93,685,557	\$ 96,826,824	\$ 102,433,781	\$ 111,289,019	\$ 113,496,962	\$ 113,212,355	\$ 118,226,613	\$ 114,192,772	\$ 117,779,201
Expenditures										
Instruction										
Regular instruction	\$ 25,494,280	\$ 26,852,667	\$ 25,857,176	\$ 24,725,729	\$ 24,976,233	\$ 25,982,242	\$ 26,777,938	\$ 24,411,380	\$ 26,151,439	\$ 27,486,657
Special education instruction	7,100,370	7,428,789	8,039,904	11,036,324	12,155,584	11,738,231	11,747,024	11,774,750	12,623,357	13,254,196
Other special instruction	1,691,611	1,354,628	1,524,599	1,546,550	2,079,102	2,316,377	2,399,469	2,513,602	2,266,616	2,240,016
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	-	357,435	479,943	374,090	445,292	286,406	290,634	295,933	81,375	404,801
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,444,249	2,006,909	1,961,944	1,349,826	190,382	1,498,748	975,677	510,142	621,320	774,964
Student & instruction related services	7,583,324	7,981,995	8,624,811	8,997,790	9,962,179	10,757,868	10,730,418	11,382,615	10,333,948	10,131,392
General administrative services	-	-	-	-	-	-	-	-	-	-
School Administrative services	2,032,401	3,955,027	5,630,797	5,538,363	6,581,249	1,126,895	4,429,442	1,162,051	4,717,838	1,360,778
Other Administrative services	3,456,549	2,096,985	2,623,962	1,798,540	1,105,534	4,303,469	1,063,135	5,007,761	1,176,254	3,933,627
Plant operations and maintenance	6,464,746	7,647,279	7,801,546	8,735,101	8,684,787	8,865,965	8,857,930	9,006,679	8,501,202	8,201,768
Pupil transportation	6,901,829	9,845,832	8,358,375	8,617,601	9,233,863	9,500,796	7,729,313	7,443,099	7,933,520	7,933,520
Business and Other Support Services	42,236	35,529	-	-	-	2,534,759	1,888,410	1,219,959	1,262,335	1,928,778
Unallocated employee benefits	14,851,352	16,330,871	17,393,279	18,757,558	23,023,894	25,512,465	23,717,984	24,143,002	24,082,978	24,548,579
ARRA-ESF	-	-	-	-	-	-	-	4,813,894	-	-
ARRA-GSF	-	-	-	-	-	-	-	186,353	-	-
Capital outlay	35,768,541	6,722,231	5,885,980	897,672	8,818,071	3,768,240	3,927,669	7,303,220	3,422,597	1,232,006
Education Jobs	-	-	-	-	-	-	-	-	-	-
Special Revenue	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	3,350,256	3,903,347	4,791,747	4,970,650	6,024,695	6,183,047	6,040,540	5,829,070	5,450,682	5,668,547
Interest and other charges	1,929,736	4,056,705	3,249,535	3,816,611	3,713,641	3,392,440	3,180,829	2,899,075	2,484,721	2,257,679
Total expenditures	\$ 118,111,480	\$ 100,576,229	\$ 102,223,598	\$ 101,162,405	\$ 116,974,506	\$ 117,747,948	\$ 114,610,484	\$ 120,188,819	\$ 110,619,761	\$ 112,522,915
Excess (Deficiency) of revenues over (under) expenditures	\$ (34,664,898)	\$ (6,890,672)	\$ (5,396,774)	\$ 1,271,376	\$ (5,685,487)	\$ (4,250,986)	\$ (1,398,129)	\$ (1,962,206)	\$ 3,573,011	\$ 5,256,286
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	\$ 5,157,800	\$ 2,170,000	\$ -	\$ 6,200,000	\$ 640,120	\$ 1,389,444	\$ -	\$ -	\$ -
Capital Projects	-	13,050	-	-	-	-	-	1,093,717	-	-
Sale/Leaseback Proceeds	-	86,109	285,943	(1,162,383)	(1,982,030)	(118,575)	-	1,550,261	130	-
Leaseback Expenditures	-	-	19,080,000	-	-	-	-	(1,142,106)	(602,247)	-
Proceeds of refunding debt	-	-	-	-	-	-	-	-	-	-
Current/Anticipated Additional Surplus	-	-	-	-	-	-	-	432,868	-	-
Par amount of bonds	-	-	-	-	-	-	(150,000)	-	-	-
Accounts Receivable Cancelled	(8,647)	-	-	-	-	-	-	-	(1,416)	(800)
Accounts Payable Cancelled	-	-	-	-	-	-	-	-	88,424	-
Adjust to Assets	-	-	(15,947,093)	-	-	-	-	89,115	-	80,380
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ (8,647)	\$ 5,256,959	\$ 5,888,850	\$ (1,162,383)	\$ 4,217,970	\$ 521,545	\$ 1,239,444	\$ 2,023,855	\$ (515,109)	\$ 79,580
Net change in fund balances	\$ (34,673,545)	\$ (1,633,713)	\$ 192,076	\$ 108,993	\$ (1,467,517)	\$ (3,729,441)	\$ (158,685)	\$ 61,649	\$ 3,057,902	\$ 5,335,866
Debt service as a percentage of noncapital expenditures	6.4%	8.5%	8.3%	8.8%	9.0%	8.4%	8.3%	7.7%	7.4%	7.1%

Source: CAFR Schedule B-2
End of Yr Rev. Funds 10,20,40 (A/P)
End of Yr. Expenditure Budget Rpt & Funds 11,12,20,40 (A/P)

Exhibit J-5

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	Total
2003	\$ 467,916	96,042	-	52,972	616,930
2004	151,553	97,907	-	2,580,298	2,829,758
2005	220,205	28,539	-	139,400	388,144
2006	283,125	141,490	-	2,291,820	2,716,435
2007	339,056	295,235	-	86,127	720,418
2008	179,086	183,909	-	68,494	431,488
2009	60,218	387,572	-	363,228	811,018
2010	23,832	536,262	-	197,086	757,180
2011	8,618	1,157,362	-	407,444	1,573,424
2012	2,744	1,015,135	-	438,300	1,456,179

Source: District Records - Audit B2

Howell Township Board of Education
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years (Unaudited)

Exhibit J-6
GASB C-11
NJ J-4

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qual Farm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2002	92,838,850	2,257,106,240	36,076,300	2,784,919	246,563,100	58,033,850	0	2,693,403,259	0	7,904,466	2,701,307,725	1.664	3,265,035,465
2003	116,491,150	2,276,816,540	38,719,400	2,814,319	255,402,100	57,578,250	0	2,747,821,759	0	7,595,629	2,755,417,388	1.795	3,702,612,690
2004	117,997,150	2,324,256,240	51,243,300	2,666,300	259,498,000	57,078,250	0	2,812,739,240	0	6,303,982	2,819,043,222	1.933	4,340,461,555
2005	120,597,750	2,375,496,640	43,161,300	2,551,300	296,105,200	57,612,450	0	2,895,524,640	0	5,407,198	2,900,931,838	1.990	5,046,054,306
2006	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A
2007	249,995,100	5,667,270,700	108,077,700	2,510,100	703,025,300	115,926,300	0	6,846,805,200	0	8,875,863	6,855,681,063	0.977	6,721,434,951
2008	264,011,700	5,707,045,800	107,499,400	2,543,100	667,961,100	111,543,900	0	6,860,605,000	0	9,626,317	6,870,231,317	0.999	7,080,369,254
2009	253,365,700	5,735,865,900	104,001,400	2,426,100	662,057,600	109,299,300	0	6,867,016,000	0	10,565,151	6,877,581,151	1.021	7,091,186,316
2010	237,133,360	5,747,380,000	107,553,000	2,707,600	662,086,020	134,095,700	0	6,890,955,680					
2011	No Data Available												

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
Monmouth County Abstract of Ratables
Reassessment occurs when ordered by the County Board of Taxation

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

^b Tax rates are per \$100

**Howell Township Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years Unaudited)**

(rate per \$100 of assessed value)

Exhibit J-7
GASB C-2
NJ J-5

Fiscal Year Ended June 30,	Howell Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate	
	General		Total Direct	Freehold Regional School District	Howell Township	Library/Other		Monmouth County
	Basic Rate ^a	Obligation Debt Service ^b						
2001	N/A	N/A	N/A	0.583	0.429	0.039	0.582	N/A
2002	N/A	N/A	N/A	0.722	0.439	0.040	0.603	N/A
2003	N/A	N/A	N/A	0.769	0.439	0.031	0.632	N/A
2004	N/A	N/A	N/A	0.790	0.453	0.032	0.635	N/A
2005	N/A	N/A	N/A	0.817	0.533	0.032	0.626	N/A
2006	N/A	N/A	N/A				0.000	N/A
2007	0.865	0.113	0.978	0.353	0.266	0.033	0.267	2.875
2008	0.888	0.111	0.999	0.371	0.266	0.030	0.232	2.897
2009	0.915	0.106	1.021	0.353	0.266	0.033	0.268	2.962
2010	0.928	0.101	1.029	0.385	0.326	0.034	0.277	3.080

Source: District Records and Municipal Tax Collector

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

Howell Township Board of Education
Principal Property Tax Payers,
Current Year and Ten Years Ago
(Unaudited)

Exhibit J-8
GASB C-3
NJ J-11

Taxpayer	2010			2000		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Buffalo-Parkton & Feurestein	\$ 45,138,000	1	0.66%	-		0.00%
Howell Friendship Real Estate Co.	\$ 24,973,300	2	0.36%	14,194,800	1	0.57%
Lanes Mill Assoc. LLC	\$ 20,767,600	3	0.30%	-		0.00%
Wal Mart Stores, Inc.	\$ 17,641,000	4	0.26%	8,488,700	2	0.34%
Home Depot, USA, Inc.	\$ 17,160,000	5	0.25%	10,930,000		0.44%
Lowes Home Centers	\$ 16,560,000	6	0.24%			0.00%
Target Corporation	\$ 14,800,000	7	0.22%	-		0.00%
Zee Jay Realty	\$ 14,348,200	8	0.21%	-		0.00%
Howell Association	\$ 13,705,500	9	0.20%			0.00%
Eagle Golf Enterprises	\$ 11,340,500	10	0.16%	6,456,500		0.26%
Total	\$ 196,434,100		2.86%	\$ 40,070,000		1.60%

* 2011 Data not available
Source: District CAFR & Municipal Tax Assessor

**Howell Township Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years (Unaudited)**

Exhibit J-9
GASB C-4
Expanded J-3

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 89,471,456	86,947,589	97.18%	-
2003	97,990,979	96,268,659	98.24%	-
2004	109,252,648	106,068,245	97.09%	-
2005	115,268,414	112,415,070	97.52%	-
2006	115,268,414	112,415,070	97.52%	-
2007	125,813,658	122,649,197	97.48%	-
2008	134,889,611	132,083,633	97.92%	-
2009	137,155,943	135,312,221	98.66%	-
2010	139,827,182	135,767,912	97.10%	-
2011	146,277,469	143,240,560	97.92%	-
2012				

Source: District records including the Certificate and Report of School Taxes (A4F form)

Letter sent to Tax Collector.

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, it is the amount voted upon or certified prior to the end of the school year.

**Howell Township Board of Education
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10
GASB D-1
New

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 75,887,255	-	2,686,295	-	-	78,573,550	0.06%	43,634
2004	72,040,799	-	7,078,107	-	-	79,118,906	0.06%	46,545
2005	86,402,356	-	7,846,580	-	-	94,248,936	0.05%	48,072
2006	81,622,102	-	6,153,428	-	-	87,775,530	0.06%	52,499
2007	75,616,585	-	10,306,406	-	-	85,922,991	0.06%	55,826
2008	69,452,720	-	8,840,202	-	-	78,292,922	0.07%	57,353
2009	63,431,359	-	7,896,514	-	-	71,327,873	0.08%	54,771
2010	57,621,468	-	5,736,664	-	-	63,358,132	0.00%	-
2011	53,466,852	-	2,462,107	-	-	55,928,959	0.00%	-
2012	44,335,437	-	2,078,043	-	-	46,413,480	0.00%	-

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding
- c** Per Capita Income data not available for 2010 and 2011

Howell Township Board of Education
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11
GASB D-2
NJ J-6 modified

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 75,887,255	-	75,887,255	2.81%	1,522
2004	82,776,978	-	82,776,978	3.00%	1,651
2005	86,402,356	-	86,402,356	2.98%	1,724
2006	81,622,101	-	81,622,101	2.65%	-
2007	75,616,585	-	75,616,585	1.10%	1,507
2008	69,452,720	-	69,452,720	1.01%	1,352
2009	63,431,359	-	63,431,359	0.93%	1,235
2010	57,639,666	-	57,639,666	0.84%	1,122
2011	53,466,852	-	53,466,852	0.78%	
2012	44,329,371		44,329,371		

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-13.

Source: General Obligation Bonds, Debt Balance less EDA commitments

Howell Township Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012

Exhibit J-12

GASB D-3
NJ J-8 modified

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Howell Township	\$ 44,329,371	100.000%	44,329,371
Other debt			
Freehold Regional High School	35,035,000	21.643%	7,582,625
Monmouth County	470,129,103	5.569%	26,181,490
Subtotal, overlapping debt			78,093,486
Howell Township School District Direct Debt			44,329,371
Total direct and overlapping debt			<u>\$ 122,422,857</u>

Sources: Howell Township Finance Officer, Monmouth County Finance Office,
Howell Township Website

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Howell. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

Howell Township Board of Education
Demographic and Economic Statistics
Last Ten Fiscal Years

Exhibit J-14
GASB E-1
NJ J-10 modified

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita Personal Income ^b	Unemployment Rate ^d
2001	49,873	\$ 2,187,579,399	43,863	3.8%
2002	50,165	2,176,508,855	43,387	4.2%
2003	50,450	2,201,335,300	43,634	5.4%
2004	50,807	2,364,811,815	46,545	3.9%
2005	51,017	2,452,489,224	48,072	3.3%
2006	51,135	2,684,536,365	52,499	3.7%
2007	51,274	2,862,422,324	55,826	4.3%
2008	51,297	2,942,036,841	57,353	3.5%
2009	51,551	2,823,499,821	54,771	9.2%
2010 *	-	-	-	-

*2010 Data not available at time of CAFR report preparation.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income based on 3% increment

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

Exhibit J-15
GASB E-2
NEW

Source:

94.

Howell Township Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years (Unaudited)

Exhibit J-16
GASB F-1
New

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	423	435	432	432	431	429	390	376	343	352
Special education	245	280	289	289	287	285	288	282	299	299
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	87	95	101	101	99	98	84	83	87	91
General administrative services	14	17	17	17	17	16	15	15	6	6
School administrative services	64	65	65	66	63	63	56	50	51	52
Business administrative services	16	16	16	16	15	15	15	14	16	16
Plant operations and maintenance	138	182	178	178	165	161	100	104	74	74
Pupil transportation	75	75	75	75	74	72	64	64	65	65
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	1,062	1,165	1,173	1,174	1,151	1,139	1,012	988	941	955

Source: District Personnel Records

Howell Township Board of Education
Operating Statistics
Last Ten Fiscal Years (Unaudited)

Exhibit J-17
GASB F-6
NJ J-12, 14

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff	Per Pupil Ratio	Average		% Change in Average Daily Enrollment	Student Attendance Percentage
							Daily Enrollment (ADE) ^a	Average Daily Attendance (ADA) ^a		
2003	7,424	77,062,946	10,380	#REF!	527	14.09	7,442	7,085	-0.77%	94.9%
2004	7,416	85,946,907	11,589	11.65%	537	13.81	7,356	7,001	-1.16%	95.2%
2005	7,334	88,296,336	12,039	3.88%	568	12.91	7,279	6,932	-1.05%	95.2%
2006	7,259	91,477,472	12,602	4.67%	568	12.78	7,269	6,938	-0.14%	95.4%
2007	7,289	98,418,097	13,502	7.14%	543	13.42	7,283	6,944	0.19%	95.3%
2008	7,090	104,244,723	14,703	8.89%	542	13.08	7,069	6,745	-2.94%	95.4%
2009	6,920	101,461,446	14,662	-0.28%	540	12.81	6,903	6,575	-2.35%	95.2%
2010	6,783	104,157,454	15,356	4.73%	656	10.34	6,697	6,456	-2.98%	96.4%
2011	6,773	99,678,440	14,717	-4.16%	641	10.57	6,821	6,438	1.85%	94.4%
2012	6,541	104,653,420	16,000	8.71%	640	10.22	n/a	n/a	n/a	n/a

Sources: District records, ASSA and Schedules J-12, J-1

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay and projects; B2
b Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Howell Township Board of Education
School Building Information
Last Ten Fiscal Years

Exhibit J-18
GASB F-4
New

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elementary										
Adelphi Elementary School										
Square Feet	-	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	-	537	537	537	537	537	537	537	537	537
Enrollment	-	-	-	482	476	456	426	391	400	377
Aldrich Elementary School (1968)										
Square Feet	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400	70,400
Capacity (students)	434	434	434	434	434	434	434	434	434	434
Enrollment	-	-	-	388	397	392	389	562	558	565
Ardena Elementary School (1938)										
Square Feet	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600	68,600
Capacity (students)	700	700	700	417	417	417	417	417	417	417
Enrollment	417	417	417	347	340	336	324	437	440	435
Greenville Elementary School										
Square Feet	-	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
Capacity (students)	-	530	530	530	530	530	530	530	530	530
Enrollment	-	-	-	555	570	583	560	512	507	463
Griebing Elementary School (1960)										
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	-	-	-	493	505	563	568	517	510	501
Land O'Pines Elementary School (1960)										
Square Feet	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983	92,983
Capacity (students)	550	550	550	550	550	550	550	550	550	550
Enrollment	-	-	-	573	561	553	541	513	542	521
Newbury Elementary School (1964)										
Square Feet	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850	79,850
Capacity (students)	477	477	477	477	477	477	477	477	477	477
Enrollment	-	-	-	488	459	426	369	405	424	412
Ramtown Elementary School (1964)										
Square Feet	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899	99,899
Capacity (students)	705	705	705	705	705	705	705	705	705	705
Enrollment	-	-	-	581	557	542	513	484	494	459
Southard Elementary School (1954)										
Square Feet	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940	73,940
Capacity (students)	392	392	392	392	392	392	392	392	392	392
Enrollment	-	-	-	364	352	329	325	-	-	-
Taunton Elementary School (1968)										
Square Feet	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187	89,187
Capacity (students)	392	392	392	392	392	392	392	392	392	392
Enrollment	-	-	-	477	452	450	429	497	496	462
Middle School										
Howell Middle School North (1994)										
Square Feet	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000	161,000
Capacity (students)	900	900	900	900	900	900	900	900	900	900
Enrollment	-	-	-	956	967	902	859	849	850	826
Howell Middle School South										
Square Feet	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000	162,000
Capacity (students)	980	980	980	980	980	980	980	980	980	980
Enrollment	-	-	-	1,037	1,071	1,012	1,034	878	885	832
Memorial Middle School										
Square Feet	-	-	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Capacity (students)	-	-	577	577	577	577	577	577	577	577
Enrollment	-	-	-	569	600	556	559	653	651	666
Other										
Administration Building										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation										
Square Feet	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060	9,060
Maintenance Offices										
Square Feet	900	900	900	900	900	900	900	900	900	900

Number of Schools at June 30, 2011
Elementary = 9
Middle School = 3

Source: District records, ASSA

HOWELL TOWNSHIP SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST SIX FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007
Adelphia School	N/A	\$ 105,789	\$ 105,286	\$ 99,133	\$ 106,810	\$ 109,139	\$ 34,326
Aldrich School	N/A	\$ 95,347	94,893	89,348	96,267	98,366	34,326
Ardena School	N/A	\$ 92,950	92,508	87,102	93,847	95,894	18,906
Greenville School	N/A	\$ 105,789	105,286	99,133	106,810	109,139	19,106
Griebling School	N/A	\$ 120,853	120,278	113,249	122,019	124,680	18,906
Land O'Pines School	N/A	\$ 125,988	125,389	118,061	127,204	129,978	18,906
Newbury School	N/A	\$ 108,185	107,671	101,379	109,229	111,612	18,906
Ramtown School	N/A	\$ 135,403	134,759	126,884	136,710	139,691	18,906
Southard School	N/A	\$ 100,140	99,664	93,839	101,106	103,311	18,906
Taunton School	N/A	\$ 120,853	120,278	113,249	122,019	124,680	18,906
Howell Middle School North	N/A	\$ 218,254	217,215	204,522	220,360	225,166	44,341
Howell Middle School South	N/A	\$ 219,623	218,578	205,805	221,742	226,578	52,659
Howell Memorial Middle School	N/A	\$ 162,620	161,847	152,389	164,190	167,770	44,656
Total School Facilities		\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	\$ 1,766,005	\$ 361,756
Other Facilities		-	-	-	-	-	-
Grand Total		\$ 1,711,792	\$ 1,703,650	\$ 1,604,092	\$ 1,728,312	\$ 1,766,005	\$ 361,756

Source: Actual Expenditures and Encumbrances at end of year for Total Times the school square footage %.

HOWELL TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

J-20

99.

Company	Type of Coverage	Coverage	Deductible
Utica National	Property Blanket Building & Contents- Replacement Cost Values	\$ 197,907,598	\$ 1,000
	-Additional Valuable Papers	\$ 100,000	\$ 2,500
Utica National	Umbrella Excess Liability		
	-Each Occurrence	\$ 20,000,000	\$ -
	Aggregate Limit of Liability	\$ 20,000,000	
	General Liability Each Occurrence	\$ 1,000,000	\$ -
	Aggregate Limit of Liability	\$ 3,000,000	
Utica National	Automotive Coverage		
	-Combined Single Limit	\$ 1,000,000	\$ -
	-Hired/Non-Owned	\$ 1,000,000	\$ -
	-Uninsured & Underinsured	\$ 1,000,000	\$ -
Chubb Insurance Group	Inland Marine		
	-Electronic Data Processing Equipment	\$ 4,000,000	\$ 1,000
Utica National	Crime Coverage		
	-Blanket Employee coverage	\$ 350,000	\$ 500
	-Money & Securities On Premises	\$ 25,000	\$ 500
	Money & Securities Off Premises	\$ 25,000	\$ 500
	Forgery or Alteration	\$ 100,000	\$ 500
Utica National	Boiler & Machinery Coverage	Included	-
Utica National	Board of Education		
	-Educators Legal Liability		
	Each Loss	\$ 1,000,000	\$ 5,000
	Aggregate	\$ 2,000,000	\$ -
Utica National	Fidelity Bonds		
	-Treasurer of School Monies	\$ 500,000	
	-Business Administrator/Board Secretary	\$ 50,000	
Brown & Brown	Workers' Compensation		
	-Professional - 56,319,396		
	-Non-Professional - 6,961,000		

Source: District Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS (NO MATERIAL
WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,
NO REPORTABLE INSTANCES OF NONCOMPLIANCE OR
OTHER MATTERS IDENTIFIED

K-1

Honorable President and Members
of the Board of Education
Howell Township School District
County of Monmouth
Howell Township, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of Example Entity is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Howell Township Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Howell Township Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Howell Township Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Howell Township Board of Education's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of general-purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the Howell Township Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 11, 2012

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;
NO MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN
INTERNAL CONTROL OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members
of the Board of Education
Howell Township School District
County of Monmouth
Howell Township, New Jersey

Compliance

We have audited the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Howell Township Board of Education's major federal and state programs for the year ended June 30, 2012. Howell Township Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Howell Township Board of Education's management. Our responsibility is to express an opinion on the Howell Township Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Howell Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Howell Township Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Howell Township School District, in the County of Monmouth, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Education of the Howell Township School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Howell Township Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Howell Township Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Howell Township Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Howell Township Board of Education's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the Howell Township Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert A. Hulsart

Robert A. Hulsart
Licensed Public School Accountant
No. 322
Robert A. Hulsart and Company

October 11, 2012

HOWELL TOWNSHIP SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal C.F.D.A. Number	Award Amount	Grant Period	Balance June 30, 2011	(Walkover) Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years Balances	Balance at June 30, 2012 (Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Education: Passed-through Department of Education Special Revenue Fund												
Title I	84.010	\$ 283,732	9-1-10 to 8-31-11	\$ (155,448)		188,172	(32,724)			(155,766)		
Title I	84.010	295,037	9-1-11 to 8-31-12			111,460	(267,226)					
Title IIA	84.367A	191,525	9-1-10 to 8-31-11	(105,390)		107,300	(1,910)			(94,885)		
Title IIA	84.367A	172,571	9-1-11 to 8-31-12			74,837	(169,722)			(268)		
Title IIB	84.318	665	9-1-10 to 8-31-11	(480)		221	(9)					
Title IIB	84.318	2,633	9-1-09 to 8-31-10	(537)		537						
Title IIB	84.365	25,809	9-1-10 to 8-31-11	(17,216)		23,313	(6,097)			(16,809)		
Title III	84.365	25,501	9-1-11 to 8-31-12			2,738	(19,547)					
Title III Immigrant	84.365	11,468	9-1-10 to 8-31-11	(641)		8,590	(7,949)			(5,521)		
Title IV	84.186	13,532	9-1-09 to 8-31-10	(6,378)		857			(226)			
Title V	84.298A	9,176	9-1-07 to 8-31-08	226								
Special Education Cluster: ARRA IDEA Basic	84.391	1,591,021	9-1-09 to 8-31-11	(177,188)		177,537	(349)					
ARRA IDEA Preschool	84.392	57,516	9-1-09 to 8-31-11	(675)		22,375	(21,700)					
IDEA Basic	84.027	1,609,071	9-1-10 to 8-31-11	(923,140)		1,378,099	(454,959)			(685,673)		
IDEA Basic	84.027	1,615,827	9-1-11 to 8-31-12			451,391	(1,137,064)			(16,774)		
IDEA Preschool	84.173	85,705	9-1-11 to 8-31-12			37,099	(16,774)			(49,005)		
IDEA Preschool	84.173	86,104	9-1-10 to 8-31-11			77,561	(19,729)					
IDEA Preschool	84.173	83,851	9-1-09 to 8-31-10	(57,832)		2,662,087	(2,241,863)		(226)	(1,024,701)		
Total Special Revenue Fund				(1,444,699)								
U.S. Department of Education: General Fund												
Education Jobs Fund	84.410A	1,185,607	7-1-10 to 6-30-11			1,185,607	(1,185,607)					
Medical Assistance Program	93.778	72,659	7-1-11 to 6-30-12			72,659	(72,659)					
Total General Fund						1,258,266	(1,258,266)					
U.S. Department of Agriculture - Passed Through State Department of Education:												
Child Nutrition Cluster:												
Food Distribution Program	10.550	93,990	7-1-11 to 6-30-12			93,990	(93,990)					
National School Lunch Program	10.555	397,548	7-1-10 to 6-30-11	(25,441)		25,441						
National School Lunch Program	10.555	423,732	7-1-11 to 6-30-12			393,368	(423,732)			(30,364)		
National School Breakfast Program	10.553	17,129	7-1-10 to 6-30-11	(1,194)		1,194				(287)		
National School Breakfast Program	10.553	18,894	7-1-11 to 6-30-12			18,607	(18,894)			(174)		
Special Milk Program	10.556	3,462	7-1-10 to 6-30-11	(164)		164				(30,825)		
Special Milk Program	10.556	3,489	7-1-11 to 6-30-12			3,315	(3,489)					
Special Enterprise Fund				(26,799)		536,079	(540,105)					
Total Federal Financial Awards				\$ (1,471,498)		4,456,432	(4,040,234)		(226)	(1,055,526)		

See accompanying notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

HOWELL TOWNSHIP SCHOOL DISTRICT

Schedule B
K-4

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2011		Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	(Repayment) of Prior Years Balances	Balance at June 30, 2012		MEMO	
				Deferred Revenue (Accounts Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Budgetary Receivable	Total Cumulative Expenditures
State Department of Education:													
General Fund													
Equalization Aid	12-495-034-5120-078	\$ 27,616,306	7-1-11 6-30-12	\$			27,616,306	(27,616,306)				(2,748,935)	27,616,306
Special Education Aid	12-495-034-5120-089	3,565,842	7-1-11 6-30-12				3,565,842	(3,565,842)				(354,772)	3,565,842
Security Aid	12-495-034-5120-084	500,617	7-1-11 6-30-12				500,617	(500,617)				(49,826)	500,617
Extraordinary Aid	12-495-034-5120-044	488,595	7-1-11 6-30-12				488,595	(488,595)					488,595
Extraordinary Aid	11-495-034-5120-044	529,063	7-1-10 6-30-11	(529,063)			529,063						
Non-Public Transportation	11-495-034-5120-014	30,387	7-1-10 6-30-11	(30,387)			30,387						
Non-Public Transportation	12-495-034-5120-014	31,158	7-1-11 6-30-12					(31,158)					31,158
Reimbursed TPAF Social Security	12-100-034-5095-002	3,392,900	7-1-11 6-30-12				3,392,900	(3,392,900)					3,392,900
Total General Fund				(559,450)	-	-	36,123,710	(35,595,418)	-	(519,753)	-	(3,153,533)	35,595,418
Special Revenue Fund													
Textbook Aid	11-100-034-5120-064	30,523	7-1-10 6-30-11		1,661				(1,661)				20,122
Textbook Aid	12-100-034-5120-064	22,681	7-1-11 6-30-12				22,681	(20,122)					
Auxiliary Services:													
Compensatory Education	11-100-034-5120-067	59,446	7-1-10 6-30-11		21,769				(21,769)				43,957
Compensatory Education	12-100-034-5120-067	60,864	7-1-11 6-30-12				60,864	(43,957)					862
English as a Second Language	12-100-034-5120-067	862	7-1-11 6-30-12				862	(862)					11,890
Transportation	12-100-034-5120-067	11,890	7-1-11 6-30-12				11,890	(11,890)					
Handicapped Services:													
Supplementary Instruction	11-100-034-5120-066	17,371	7-1-10 6-30-11		695				(695)				15,433
Supplementary Instruction	12-100-034-5120-066	16,135	7-1-11 6-30-12				16,135	(15,433)					
Examination and Classification - Initial	11-100-034-5120-066	20,080	7-1-10 6-30-11		1,147				(1,147)				702
Examination and Classification - Annual	11-100-034-5120-066	11,827	7-1-10 6-30-11		4,607				(4,607)				
Examination and Classification - Initial	12-100-034-5120-066	21,400	7-1-11 6-30-12				21,400	(13,516)					13,516
Examination and Classification - Annual	12-100-034-5120-066	10,327	7-1-11 6-30-12				10,327	(4,841)					4,841
Corrective Speech	11-100-034-5120-066	28,164	7-1-10 6-30-11		782				(782)				15,797
Corrective Speech	12-100-034-5120-066	28,435	7-1-11 6-30-12				28,435	(15,797)					
Nursing Services	11-100-034-5120-070	36,167	7-1-10 6-30-11		1,836				(1,836)				29,872
Nursing Services	12-100-034-5120-070	32,396	7-1-11 6-30-12				32,396	(29,872)					156,290
Total Special Revenue Fund				-	32,497	-	204,990	(156,290)	(32,497)	-	-	-	1,096,059
Debt Service Aid Type II	12-495-034-5120-017	1,096,059	7-1-11 6-30-12				1,096,059	(1,096,059)					
Enterprise Fund													
National School Lunch Program	11-100-010-3350-023	21,200	7-1-10 6-30-11	(1,430)			1,430			(1,482)			20,768
National School Lunch Program	10-100-010-3350-023	20,768	7-1-11 6-30-12		-		19,280	(20,768)					20,768
Total Enterprise Fund				(1,430)	-	-	20,710	(20,768)	-	(1,482)	-	-	
Total State Financial Assistance				\$ (560,880)	32,497	-	37,445,469	(36,868,535)	(32,497)	(521,235)	-	(3,153,533)	36,868,535

See accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

BOARD OF EDUCATION

K-5

HOWELL TOWNSHIP SCHOOL DISTRICT**NOTES TO SCHEDULES OF AWARDS AND FINANCIAL ASSISTANCE****JUNE 30, 2012****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Howell Township School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed other government agencies is included on the schedule of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to P.L. 2003, c.97.(A3521). For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(208,513) for the general fund and (\$20,609) for the special revenue fund. See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's general purpose financial statements on a GAAP basis as presented below:

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of State					
Financial Assistance	\$ 35,595,418	156,290	1,096,059	20,768	36,868,535
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized		20,609			20,609
On Behalf Payments					
Recognized for GAAP					
Statements but Not					
Included in the Schedule					
of Expenditures of State					
Financial Assistance	4,522,023				4,522,023
The Last State Aid Payment					
Is Recognized as Revenue					
for Budgetary Purposes,					
and Differs from GAAP					
Which does not Recognize					
This Revenue Until the					
Subsequent Year When the					
State Recognizes the Related					
Expense (GASB 33)	<u>(208,513)</u>	<u> </u>	<u> </u>	<u> </u>	<u>(208,513)</u>
Total State Revenue as Reported					
on the Statement of Revenues,					
Expenditures and Changes in					
Fund Balances	<u>\$ 39,908,928</u>	<u>176,899</u>	<u>1,096,059</u>	<u>20,768</u>	<u>41,202,654</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 72,659	2,241,863		540,105	2,854,627
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>370,925</u>	_____	_____	<u>370,925</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 72,659</u>	<u>2,612,788</u>	_____	<u>540,105</u>	<u>3,225,552</u>

NOTE 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: Other

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2012. Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS****K-6****FOR THE FISCAL YEAR ENDED JUNE 30, 2012***Part 1 - Summary of Auditor's Results***Financial Statement Section****Unqualified**

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

_____ Yes x No

(C) Noncompliance material to general purpose financial statements noted?

_____ Yes x No**Federal Awards Section**

(D) Dollar threshold used to determine Typed A programs:

\$300,000

(E) Auditee qualified as low-risk auditee?

 x Yes _____ No

(F) Type of auditor's report on compliance for major programs:

Unqualified

(G) Internal control over compliance:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable condition(s) identified that were not considered to material weaknesses?

_____ Yes x No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?

_____ Yes x No

(I) Identification of major programs:

CFDA Number(s)**Name of Federal Program or Cluster**84.027I.D.E.A. Part B (Special Education Cluster)84.173IDEA-Preschool (Special Education Cluster)84.391I.D.E.A Part B-ARRA (Special Education Cluster)84.392ARRA-IDEA-Preschool (Special Education Cluster)10.550Food Distribution (Child Nutrition Cluster)10.553School Breakfast Program (Child Nutrition Cluster)10.555National School Lunch Program (Child Nutrition Cluster)10.556Special Milk Program (Child Nutrition Cluster)

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Part 1 - Summary of Auditor's Results (Continued)

\$1,106,056.00

 x Yes No

Unqualified

Yes x No

Yes x No

Yes x No

Name of State Program

Special Education Aid

Equalization Aid

Reimbursed Social Security

Security Aid

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 2 - Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2012*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: N/A

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

HOWELL TOWNSHIP SCHOOL DISTRICT

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Prior Audit Findings:

None